
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
TREASURY BUILDING, 80 CALVERT STREET, ASSEMBLY ROOM
ANNAPOLIS, MARYLAND 21401

March 8, 2017
10:06 a.m.

PRESENT

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HONORABLE PETER FRANCHOT

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PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

GOVERNOR HOGAN: Thank you for joining us. Welcome to the Board of Public Works annual bond sale. I want to thank the Treasurer and the Comptroller for welcoming me to their home again.

COMPTROLLER FRANCHOT: Yep.

GOVERNOR HOGAN: It's great to be back here at the Louis Goldstein Building. It just reminds me of how many times I heard him say, "God bless you all, real good."

(Laughter.)

GOVERNOR HOGAN: So I'll say that to you this morning, God bless you all, real good. Two weeks ago we were proud to announce that the bond houses once again reaffirmed Maryland's AAA bond rating and all three agencies noted our State's sound budget policy, strong financial controls, and prudent debt management. In particular they noted the steps that we here have taken at the Board of Public Works, where we came together in a bipartisan manner to make necessary adjustments to the budget.

So I want to thank my colleagues, Comptroller Franchot and Treasurer Kopp, and the BPW staff, for all of their efforts. Maryland's AAA rating is a reflection of how we collaborate together with the Comptroller and the

Treasurer's Offices through the Bureau of Revenue Estimates, and the Capital Debt Affordability Committee. Working together we're prudent stewards of the taxpayers' money and getting Maryland's fiscal house in order and responsibly managing taxpayer dollars continues to be our top priority here.

Recently the Legislature's top fiscal analyst warned them to get real and to get real about continually spending more than we take in. Now despite this warning from their expert, just in the past 60 days members of the Legislature have proposed more than \$2 billion in new mandates or new forced spending increases over the next four years, which only stresses to me the need for continued fiscal vigilance, which is why our administration introduced the Common Sense Spending Act of 2017, which would put into practice the most common sense budgeting philosophy: that the State shouldn't spend more than it takes in. If enacted by the Legislature, beginning in fiscal year 2019 the State would not be required to fund any program or item that grew by more than one percent under revenue growth. This would ensure that spending growth is always less than revenue growth. This common sense proposal would exempt K through 12 education funding and exempt debt payments. I'm hopeful that the General Assembly can work with us in a bipartisan manner to enact meaningful common sense reforms.

With that, I look forward today to another very successful bond sale. And I want to especially thank Treasurer Kopp and her outstanding staff for

all of their hard work in preparing and getting ready for today's bond sale. Madam Treasurer, thank you, and the floor is yours for any opening comments.

TREASURER KOPP: Thank you, Governor. Just to build on what you said. We couldn't have come to this point of a bond sale on behalf of the citizens of Maryland, we are going to be selling at least \$650 million and presumably refunding about \$400 million or more, without the combined work and talents of the Comptroller's Office, the Department of Budget and Management, the Treasurer's Office, and the Legislature working together to not only make sure revenue are projected correctly, that debt is projected correctly, but that we are all working together facing the rating agencies, and the investors, and the people of the State of Maryland. And out of that will come a bond sale that devotes more than 60 percent of the funds to public education, to schools, community colleges, higher ed, and the basic public facilities that we use to house the services for the people of the State of Maryland. So we're looking forward to a good sale and good participation.

I would be remiss, Governor, if I didn't point out that today is International Women's Day

COMPTROLLER FRANCHOT: Good.

TREASURER KOPP: And since I know both the Comptroller and you are, have many women surrounding you and helping and at times directing --

COMPTROLLER FRANCHOT: Absolutely.

TREASURER KOPP: -- which is a very appropriate thing, I would like --

GOVERNOR HOGAN: At times directing? It's pretty much all the time.

(Laughter.)

TREASURER KOPP: Just on behalf of the Board of Public Works to the people of the State of Maryland and to our colleagues in State government, but most particularly the women, I was asked what would the difference be today if the women were not here, and I would say we could not sell the bonds. We could not do the bond sale.

COMPTROLLER FRANCHOT: Yeah, that's true.

TREASURER KOPP: There are a lot of things. And Maryland is very fortunate because we have really significant participation in our economy and society, strong women. That's not true everywhere. And as has been said often, women and girls are the uncompleted agenda of the 21st Century. And without dedicating attention and support, the economy will not thrive. So I think it's good to stop and take a reckoning every once in a while.

GOVERNOR HOGAN: Absolutely. And thank you for bringing that up. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. And I couldn't agree more with your comments, and the comments of the Treasurer.

And Governor, if I could, I just wanted to remark how much of a pleasure it was to join you last Friday at the Maryland Tourism Day kickoff event down the street for the first ever Maryland Wine Month. Funny thing, all of our staffs showed up, too.

(Laughter.)

COMPTROLLER FRANCHOT: But these events highlighted and celebrated the hard work, level of innovation and entrepreneurship, and vital economic role that the State's tourism and wine industries play. It was especially humbling frankly for me to receive the prestigious Tourism Advocate Award from the Maryland Tourism Coalition with you, Governor. The Governor gets lots of things like that but the Comptroller is kind of back in the sidelines there. And I really appreciated being able to personally thank Governor Hogan for, you know, whatever, well I guess it was the school after Labor Day. Not to pick up a controversial subject. But I was very, very humbled and privileged and honored to be there with the Governor and receive that award.

As the State's chief fiscal officer it would be difficult to overstate the invaluable contributions that the tourism industry and the wine industry make to our local communities and to Maryland's economy. The tourism industry supports nearly 150,000 family supporting, good paying jobs and generates more than \$14 billion in economic activity, more than \$2 billion in State and local tax revenues. And our burgeoning wine industry along with our thriving

microbrewery and microdistillery industries, all of which I regulate and have to do frequent site visits to --

(Laughter.)

COMPTROLLER FRANCHOT: -- they represent thousands of jobs and millions of dollars in economic activity. And they are emblematic of the innovation and the entrepreneurship that remain our State's most valuable economic resource. Each and every day Maryland wine makers, brewers, and distillers are producing high quality, award winning products that attract thousands of visitors to our State every year. And I continue to be proud and grateful for the close, collaborative relationship that my agency shares with these industries. In the years ahead I hope the State will continue to support these three wonderful, burgeoning, new sectors and continue to appreciate and celebrate their many contributions that strengthen our State's economy and our local communities.

And speaking of strengthening our State's economy, I just want to thank the Governor for advocating a time out on tax increases and fee increases. Because it is the stability and predictability that that represents that I think is particularly important for our State's economy. What we need right now is moderation, not surprises. And I'm picking on what the Governor said earlier in his comments and I'm applauding the fact that we now have a much more

moderate approach to fee increases and tax increases. And that is what the private sector needs. Thank you, Governor --

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: -- and thank you, Madam Treasurer. And --

GOVERNOR HOGAN: Thank you, Mr. Comptroller. And thanks for bringing up the tourism award. We shared the award but they actually gave us each one so we didn't have to cut it in half.

COMPTROLLER FRANCHOT: Right.

GOVERNOR HOGAN: But it's really, I want to thank you for your leadership on school after Labor Day. Thanks for mentioning the breweries, the distilleries, and the wineries, which are really growing by leaps and bounds in the State. We were at the winery thing on Friday and talking about we went from 13 wineries in Maryland a decade ago to 90 of them. The Comptroller in his remarks said we've gone to 76 wineries. And I said, wait a second. There's like 14 of you that are not paying taxes because the Comptroller doesn't know about you.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

GOVERNOR HOGAN: So now everybody -- we found them all.

COMPTROLLER FRANCHOT: Yep. That was good. Yep.

(Laughter.)

GOVERNOR HOGAN: And I'm going to sample the wine at all 14 of the new ones. And the Comptroller is going to go find some tax revenues.

(Laughter.)

GOVERNOR HOGAN: But --

TREASURER KOPP: Governor?

GOVERNOR HOGAN: -- sure.

TREASURER KOPP: Could I just build on two things for a second? One is you may recall it was probably about five years ago when the rating agencies came to Maryland and we had a dinner at the Governor's House and served Maryland wine. And they weren't sure, as we started to serve it and talked about it. And by the time, I'm not saying that's why we got the AAA rating --

(Laughter.)

TREASURER KOPP: -- but those folks were really impressed.

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: And the other thing I meant to mention in connection with International Women's Day is that Delegate Sheila Hixson of District 20 was honored by the Women's Caucus today.

COMPTROLLER FRANCHOT: Oh, good.

TREASURER KOPP: -- in honor of, what, 40 years of great service and more to come, and all of the accomplishments on behalf of the Legislature, District 20, and the State. And I know the Comptroller would be particularly interested as a former district-mate. So I thought --

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: -- that would go down for posterity that today was dedicated to Delegate Hixson.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Well let me just wrap up all of that, Women's Day, wine, before we get to work.

TREASURER KOPP: Sounds great.

GOVERNOR HOGAN: My wife was, had the incredible honor of having one of her works of art installed at the National Women's Museum of Art in Washington --

TREASURER KOPP: That's wonderful.

COMPTROLLER FRANCHOT: Wow.

GOVERNOR HOGAN: -- which has got incredible art by women from around the world for centuries. And I sat next to this, I can't think of her name right now, but a world-renowned wine expert.

COMPTROLLER FRANCHOT: Oh wow.

GOVERNOR HOGAN: Who said to me the Maryland wines, the quality level, has gone up so much. And she was talking about --

TREASURER KOPP: That's great.

GOVERNOR HOGAN: -- I'm not really a wine expert. But the wine, Maryland wines weren't that great at first, and now they are really, really good.

TREASURER KOPP: Excellent.

GOVERNOR HOGAN: So everybody go out and spend some.

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: Quick reminder before we get started with the Secretary's Agenda that this bond sale process will be interrupting us wherever we are in the process. So, some of you may get cut off in the middle of your presentations in order for us to vote on the resolutions from the Treasurer to approve the bond sale.

TREASURER KOPP: Could I say also that the, we're going to run the sale today with the taxable and refunding bonds being picked up next door, the numbers and stuff. Then at five of 11 or so we will start doing the major --

GOVERNOR HOGAN: Okay.

TREASURER KOPP: -- the tax-exempt sale. And the folks will come in, our staff and advisors, to run off the numbers and --

GOVERNOR HOGAN: Very good. It will be exciting. But thank you for your patience.

TREASURER KOPP: Yeah, hold your breath --

GOVERNOR HOGAN: We don't want to be rude if we cut you off in mid-sentence. So let's go ahead and get started with the Secretary's Agenda. Secretary McDonald?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 16 items on the Secretary's Agenda. We have three reports of emergency procurements. We are withdrawing Item 14. We are going to hold Item 1, that is the Treasurer's bond sale, until the Treasurer says it's time to take that one back up.

I would like to point out that we are honored today on Item 12 with Dr. David Wilson, the President of Morgan State University. So perhaps he can come up and talk about Item 12 --

GOVERNOR HOGAN: Absolutely. We have Dr. David Wilson here from Morgan State University for Item 12. Welcome, Dr. Wilson. I understand you have kind of a significant announcement on a naming for your new Student Services Building and we'd love to hear about that this morning.

DR. WILSON: Thank you very much, Governor, and we do. First of all good morning to you, Governor Hogan, to Treasurer Kopp, and Comptroller Franchot. I am really pleased to come before you today to seek the approval of

the Board of Public Works to name a facility on the Morgan campus the Calvin and Tina Tyler Hall.

Calvin and Tina Tyler are outstanding native Marylanders. They are outstanding native Baltimoreans. They both grew up in Baltimore City, Calvin and Tina, on the west side of Baltimore. Calvin came from a very challenged family on the west side of Baltimore but in the late sixties made his way to Morgan State University to major in business. During his junior year he ran out of money and took a job with UPS and became a delivery person at UPS. And one thing led to another, and promotion after promotion came, that he stayed with that career, and several years ago retired from UPS as Executive Vice President of UPS. But he never, ever forgot his roots in West Baltimore. He never forgot his start at Morgan State University. And he has endowed a \$5 million scholarship program at Morgan State University that is targeted toward Baltimore City young people who would like to come to Morgan and pursue their college degrees. And it is a full scholarship for those individuals.

One thing that I really admire about Calvin and Tina Tyler is that they did not set the criteria for the scholarship only for those students who are the elite performers. The minimum grade point average is 2.5 and they wanted us to put in place a system where we are assessing leadership potential, stick-to-itiveness, grit, determination, and those types of characteristics, if you will, not just the SAT score. And so we are delighted that scores of young people from

Baltimore City have taken advantage of these scholarships and have gone on to graduate.

And so with that in mind the new facility that is coming online is scheduled to open in 2020. And it will house programs at Morgan in recruitment and enrollment management, the bursar's office, the comptroller's office, if you will. All those functions keeping, of course, what the purpose of this building is in mind and connecting very well to the generosity of Calvin and Tina Tyler.

And so with that in mind we bring forward for your approval the naming of the new Student Services Support Building at Morgan, Calvin and Tina Tyler Hall. I'll be more than happy to respond to any questions you have.

GOVERNOR HOGAN: First of all, thank you. That sounds like a perfect naming to me, and the program sounds incredible. To help folks that are not just the A students, but the ones that have the drive and the determination to, it sounds like the perfect person to have it named after. Because it sounds like his life, Calvin's life, was exactly what we're talking about. Any comments on this?

COMPTROLLER FRANCHOT: Are they still with us?

DR. WILSON: Yes. And so they reside in Las Vegas but they are back here regularly. He just lost his father and one of his sons, but they are back here in Baltimore quite frequently and spend some significant time in the City when they do return.

COMPTROLLER FRANCHOT: Excellent.

TREASURER KOPP: Governor, I'm sure Mr. and Mrs. Tyler don't recall, but they were here several years ago with a couple of Tyler students, outstanding young people and outstanding benefactors, too. Mrs. Tyler was there all the way, all along, as I recall, making ten or 12 moves over the years, raising children all over the country, but rising in UPS all along the way. And the model that they set for all of us, thinking about what is really important, endowing the education and the future, was really brought home most directly simply by meeting and talking and meeting those students. So I think this is a great, great proposal. And ought to be an inspiration and pointed to as a model for all the rest of us.

DR. WILSON: We certainly look forward to introducing them to you if you have not met them. Because Secretary Kopp, they are also two of the most self-effacing people I have met in my entire career. And so this is almost embarrassing to them. But it is a great inspiration for our students in Baltimore City to walk the campus, look up, and see a name of someone who came from a community that is challenged and instill in them desire and aspiration and motivation, all aimed at high achievement.

GOVERNOR HOGAN: Dr. Wilson, thank you so much for joining us today. And thank you for bringing this item before us and for the great job you're doing at Morgan State.

DR. WILSON: Thank you very much, Governor. I appreciate the support of the State.

TREASURER KOPP: By the way, Doctor, about five of your students were down here last week, business students going around, watching the Legislature, meeting people in the executive branch, making a very great impression on everyone they met. And I congratulate you on having some outstanding representatives.

GOVERNOR HOGAN: Should we do this item separately?

COMPTROLLER FRANCHOT: Yeah, I'd like to move approval on Item 12.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing.

DR. WILSON: Oh, thank you.

COMPTROLLER FRANCHOT: Yeah. All the best.

DR. WILSON: Thank you. I hope it's this easy the next time I come.

(Laughter.)

DR. WILSON: Thank you very much. I appreciate it.

GOVERNOR HOGAN: Thank you. We're off to a good start. I'd like to highlight Item 10. This item from the Maryland Department of the Environment --

SECRETARY MCDONALD: Secretary Buhl, or Assistant Secretary Buhl. Department of the Environment, the Back River Wastewater Treatment Plant.

GOVERNOR HOGAN: Good morning.

MS. BUHL : Good morning. Wastewater treatment is not my particular area of expertise. So if you have some specific questions about that, I have Walid Saffouri with me --

GOVERNOR HOGAN: I'm actually not even going to have any tough questions. I just wanted to highlight this and thank you for putting the item on here. This is a request for approval for \$4 million for the enhanced nutrient removal upgrade project at the Back River Wastewater Treatment Plant in Baltimore County. The Department of Natural Resources has concluded that nutrient pollution from the Back River Plant is the likely cause of the midge infestation in the Back River area of Baltimore County. I see we have a Senator from that district here as well, if he wants to come forward.

We have received numerous complaints from residents and business owners about this midge problem. The midge infestation is so bad that it's affecting marinas and outdoor seating at restaurants, activities at local, at the local senior center. And the county really has responsibility for this problem but has continually refused to do anything about it and has ignored the pleas of the people of Baltimore County. Last year we even offered to have the State

contribute half of the cost of remediation. However, they refused our offer. Despite the county's refusal to act we have decided to move forward anyway and by providing funding for five applications to treat 750 acres in the Back River area in order to provide a measure of relief to residents and businesses in the area prior to the next boating and tourism season. And we are hopeful that the county will see fit to join in and add additional county funding as well. Senator, do you have any --

MS. BUHL : Okay. Oh, certainly.

SENATOR SALLING: Thank you so much. Thank you, Governor, Comptroller, and Treasurer, for this opportunity to speak on this. I tell you, this is something that's been a fight with this major problem because now it has expanded itself not just in my district but in a neighboring district with our good Minority Leader Senator Jennings. And we've talked briefly with your staff that have been unbelievable with us. They have worked with us countless times to see what we could do.

As you stated, Governor, we've tried to meet with our leadership in our county and tried to work with them as much as we could. But I want to thank all the delegates, the senators, your staff, your secretaries have been kind to us and have given us above and beyond their time. And we believe that this step would do a great thing for small businesses, for major businesses, for businesses to be, and for our residents, and it would help them out. This has been an ongoing

problem but we've seen it has picked up momentum. And I think with these measures we'll see a good thing happening and we'll see people that are going to finally say not just it's about time, but thank you very much for this step that you're taking to make a difference in our community. Because I believe in time it would have been so much more of a mess as it is now. And again, I cannot thank you enough. I found out this and my delegates, Senator Jennings, his delegates, myself, want to say very much so thank you from our heart for this opportunity.

GOVERNOR HOGAN: Thank you, Senator. We want to thank you and all of your whole delegation, both delegations from both districts. Because you guys have been tireless in trying to get the citizens some relief. So we appreciate your pushing it. I'm sorry that we didn't get help from the county but thanks for staying on top of us to make sure that we were able to do something. And I appreciate the kind words about our administration.

SENATOR SALLING: And the Back River Restoration, as we have met, Sam Weaver and the others, and the leadership there, have been a force with us. They have had some great information and a great help too with your staff and with everyone. So again, we do want to thank you very much.

GOVERNOR HOGAN: Thank you. Any other comments?

COMPTROLLER FRANCHOT: I'd never even heard of midges until this came up. But I understand it's an enormous nuisance.

SENATOR SALLING: Yes, sir.

COMPTROLLER FRANCHOT: And only Baltimore County leadership could make this into a partisan issue. Really. I mean, you can't get rid of a tsunami of bugs that are harassing your own citizens and your own businesses? And so thank you for you and your colleagues for bringing this issue, and thanks to the Governor for doing what the county should have done long ago.

SENATOR SALLING: Thank you, sir.

GOVERNOR HOGAN: Any questions? Or --

TREASURER KOPP: Yeah, I do, now that you're on this item. And I think, I don't know, Senator, if it's for you or Ms. Buhl. Is this, is this the project that is recycling methane? Is it --

MR. SAFFOURI: No, it's not. This is the, to remove the nitrogen and phosphorous from the liquid water.

TREASURER KOPP: And then what, so this is not --

MR. SAFFOURI: No, it's not related --

TREASURER KOPP: -- making power? Which is --

MR. SAFFOURI: Correct. It's not.

TREASURER KOPP: What is the project that is?

MR. SAFFOURI: The project is to upgrade the treatment plant to achieve nitrogen level of three milligrams per liter and phosphorous of 0.3 as part of the Bay restoration to reduce nutrients that are being discharged into the Chesapeake Bay.

TREASURER KOPP: All right. And all right. Then we were misinformed, I think. But I appreciate it.

MS. BUHL: Are you -- you're also asking if it's not this plant, you're wondering which one? Which one is --

TREASURER KOPP: Yeah.

MR. SAFFOURI: Oh --

MS. BUHL : -- recycling methane?

TREASURER KOPP: Yeah.

MR. SAFFOURI: Yes. Yes. This, yeah, this is the same but I thought --

TREASURER KOPP: This is the same?

MR. SAFFOURI: Yeah, I thought you were asking about the project.

TREASURER KOPP: Right.

MR. SAFFOURI: Yeah, this is the same plant that actually are taking and converting the sludge --

TREASURER KOPP: Exactly.

MR. SAFFOURI: -- extracting methane gas and using it for co-generation power and heat.

TREASURER KOPP: Exactly. Yeah.

GOVERNOR HOGAN: So it's a different project at the same plant?

MR. SAFFOURI: Yeah. Yes.

TREASURER KOPP: At the same plant.

GOVERNOR HOGAN: Yeah.

TREASURER KOPP: So my question really --

MR. SAFFOURI: Same plant, I'm sorry.

TREASURER KOPP: -- is that going smoothly and as anticipated?

MR. SAFFOURI: Yes. Actually we have another phase of the project that we may be coming soon for that, to add additional units to generate more energy. Yes.

TREASURER KOPP: Super. Great. Great. Thank you.

MR. SAFFOURI: Okay.

TREASURER KOPP: It sounds like --

GOVERNOR HOGAN: Thank you very much.

TREASURER KOPP: Thank you.

MR. SAFFOURI: All right.

GOVERNOR HOGAN: I have one last question on the Secretary's Agenda, that's Emergency Report A1.

SECRETARY MCDONALD: That's a report from the Department of Human Resources and I know Deputy Secretary James is here. I believe he's going to answer your questions. This report is a modification to an emergency contract that you saw last November and this is to add three children to the contract --

GOVERNOR HOGAN: Yes. Thank you for being here, Mr. James.

MR. JAMES: Good morning.

GOVERNOR HOGAN: This is an emergency report from the Department of Human Resources placing three Maryland children at the Judge Rotenberg Center in Massachusetts. Is that correct?

MR. JAMES: Yes, Governor.

GOVERNOR HOGAN: And the department has placed six other youth at this facility under the contract since September of last year, is that --

MR. JAMES: We currently have five youth placed there.

GOVERNOR HOGAN: So it's, it's come to our attention that in December staff at the Judge Rotenberg Center were arrested for assaulting and spitting on a student. And exactly one month ago you appeared before this Board to answer similar questions about placements at a facility owned in Florida by the company we severed all ties with due to the tragic death of a Maryland child in their Delaware facility. We understand that the department recently restructured

this unit that monitors and makes out of state placements to ensure that these facilities meet the highest quality standards. Yet again, we have this case a month later with similar questions about Maryland kids being placed in facilities that are having problems. It doesn't appear that this Rotenberg Center meets the standards that you laid out for us last month. And so I'd just like to give you the opportunity to explain, you know, why these children had to be placed in this facility, and what you can do or what we are trying to do to stand up a facility in Maryland that can adequately care for these very difficult children?

TREASURER KOPP: And could I, and what you are doing as long as our children are placed there to supervise and make sure that they are treated appropriately?

MR. JAMES: Thank you, Governor, Madam Treasurer. As with the item that we discussed when I appeared before you last month in terms of placements out of state, any out of state placement is always a last resort for our department. Before any child is placed out of state we exhaust every in-state resource. And by exhaust I'm not, I don't mean that we simply ask them. We have followed up on multiple occasions with all of our in-state providers and said, what would it take for you to be able to serve this child in Maryland? And the answer that we have consistently gotten back is our existing programs at the time when we were making these placement decisions simply felt that they could not safely serve that child, taking into account the safety of that child, the staff, and

the other children in, the other youth in those programs. Only after we've exhausted all those in-state options do we begin to look at programs elsewhere in the country.

GOVERNOR HOGAN: And these are just particularly troubled kids that are not the normal placement.

MR. JAMES: So the youth that, in most cases our out-of-state placements we're dealing with a population largely with significant developmental disabilities, or on the more extreme end of the autism spectrum disorders, or for other medical reasons have significantly low IQ and cognitive abilities, coupled with extremely aggressive behavior, a tendency to very significant emotional outbreaks which frequently require multiple staff members to safely de-escalate the youth and to safely manage that youth's behavior. These are youth who are also self-injurious at times and in some cases have had multiple suicide attempts. So these are really the most difficult cases to secure placements for.

There are limited placement options throughout the country for these youth. And the decision to place these youth at this program was not an easy one. It was one that we were not particularly comfortable with. And as part of that we also very specifically met with the staff and the leadership at this program and discussed what is allowable with regard to Maryland youth and what is not. We have specific provisions in our contracts that prohibit the use of certain

behavior management approaches and we have regularly followed up with that program. In addition we've also met with the licensing authorities in Massachusetts and have regular conversations with them to ensure that this program is still in good standing and there have not been other incidents there. So we're not seeing a pattern of incidents occurring there.

That being said, several months ago we began a process of working to try and stand up programs. We had identified that there was this cohort of youth and there are enough of them that we believe we should be able to establish and maintain programs in Maryland to be able to serve these youth. So we've been working through that process. But as we've continued to see the need for out-of-state placements, we've determined that that process is simply taking too long. It will take us too long to get to the place where we have an in-state option for serving these youth. So we have now engaged with the Department of Health and Mental Hygiene, specifically the Mental Health Administration and Development Disabilities Administration, as well as the Governor's Office of Children and the Department of Disabilities, to work on an emergency basis attempting to establish an in-state option so that we are not forced into making very difficult and very troubling decisions about these placements going forward.

GOVERNOR HOGAN: Thank you, Mr. James. You know, I, it's a difficult situation you're in. I want to thank you for the answer to the question and I congratulate the department on moving fast to address the problem with

both a short-term and a potential long-term fix. But just like you are, I'm not pleased with the fact that we had to send these kids to this institution in the first place. And I'd like to make a motion that the Board of Public Works finds this emergency report unsatisfactory and remands the report back to the Department of Human Resources, and that the department should report back to us in two weeks to update us on the progress in addressing this issue. Is there a second for that motion?

COMPTROLLER FRANCHOT: Second. I also had, would like to --

GOVERNOR HOGAN: Yeah.

COMPTROLLER FRANCHOT: -- make a comment. Because --

GOVERNOR HOGAN: Yeah --

COMPTROLLER FRANCHOT: -- the Treasurer and I were here with you --

GOVERNOR HOGAN: I'm sorry I didn't give you the chance to make comments or questions.

COMPTROLLER FRANCHOT: Well I'm not, I'm in complete agreement with your comments, Governor. Because a month ago you were standing here in response to a question from me, and I quote, "I assure you we are absolutely aware. We have recently restructured the unit that monitors and makes our out-of-state placements to enhance our monitoring of these programs and

ensure they meet the highest quality standards.” And I, you know, appreciate your comments today. But I’m pretty challenged to believe them. Because you know, a month ago you presented to us single source contracts for five out-of-state residential care service providers for a total of \$9 million over five years with extensions. And I raised serious concerns a month ago that recently employees at two of the five companies were involved in alleged abuses and assault of these children with severe mental and behavioral challenges. And I asked you whether you were taking the necessary level of vetting and scrutiny to ensure the health and safety of vulnerable children in these out-of-state facilities, and you came back and said absolutely we are. And there I was raising my concerns. I reluctantly voted to approve the contracts based on your assurance that these situations were being carefully vetted in the best interest of each child. Specifically I think one of two providers currently had no placements; the other one had one Maryland youth.

So it now is very apparent that the two facilities we discussed at the last meeting were not the only ones that had reported incidents of abuse. That includes the facility we’re discussing now, the Judge Rotenberg Educational Center. And I completely concur with the concerns of the Governor and am happy to support his motion. But that center we had just placed three children between September and November. And then you granted a two-year contract in January of this year. So in December, 2016, before you granted an extension, two

employees of the center were charged with multiple counts of assault and battery of a disabled person. The Governor mentioned the video.

So unless I'm mistaken the department had placed children at this facility on an emergency contract within a couple months of that, this reported abuse takes place, the Maryland children have been placed. Despite that you come before this Board and request a long-term contract with this company. So were you aware of those incidents? Is there a reason why you didn't think it was appropriate to inform the Board of Public Works of these issues before asking us to vote to put children in the care of individuals apparently charged with reprehensible behavior? We didn't know it. Did you?

MR. JAMES: Mr. Treasurer, I am sorry if I did not --

COMPTROLLER FRANCHOT: Comptroller.

MR. JAMES: Sorry, Mr. Comptroller. I am very sorry for not highlighting the issues with this program when we met with you, appeared before you to discuss the other programs. At that time I was not aware of the December incident with this particular program.

Let me also add in terms of what we are doing right now for the children who are there. We have case workers visiting this program every week to visit both their children and to check on the status of every other Maryland child at this program. And today, as we speak, our Director of Out of Home Placement and Permanency is visiting this program on a previously scheduled

visit to review the entire program. That is an additional level of scrutiny that we are applying to this program because of concerns that this Board has raised and that our department has about ensuring the safety of our children placed there. Those are interim steps that we are taking --

TREASURER KOPP: Do you go on unscheduled --

MR. JAMES: -- so it was scheduled for us but it is an unscheduled, an unannounced visit to the program. We strongly believe that the best visits for those contract monitoring visits should be unscheduled because we want to get as objective a picture as possible when we visit.

GOVERNOR HOGAN: And so you were in the position where we had no ability to take care of these kids here yet and there's no other providers to turn to. And so even knowing some of the issues you had to place them there with these additional precautions?

MR. JAMES: Yes, Governor. That is absolutely the situation we found ourselves in. When the local departments and the commissions reviewed the case file and looked at the options before them, this was the option that they believed would meet the needs of that child at that time.

COMPTROLLER FRANCHOT: No, I understand. It's a difficult issue and the Governor is obviously very sensitive to the challenges that everyone faces here. But there were videos in December of people spitting and beating on kids. They weren't our kids, thank God, but they were kids at this facility. And

you know, in a certain sense it's out of sight, out of mind when they are off in some other State. Well they are out of sight but they are in my mind. So I'm going to ask you to bring these three kids back and bring back the five other kids that are up there.

MR. JAMES: Absolutely.

COMPTROLLER FRANCHOT: Bring them back. And I do not buy this argument that with all of the wealth and resources that our State has, and Hopkins, and Maryland, Kennedy Krieger, and all these unbelievable facilities all around the State, that you can't take \$1 million and set something up right now for these kids and bring them back.

GOVERNOR HOGAN: Well they are working on doing just that. But it can't happen instantaneously. That's the issue and --

COMPTROLLER FRANCHOT: Well --

GOVERNOR HOGAN: -- bringing them back now, we have no where to put them.

COMPTROLLER FRANCHOT: Well bring them back a lot faster than the normal process of, you know, consulting with the existing groups. Go and create a new group if you have to.

GOVERNOR HOGAN: Well that is what's going on and we'll have a report back here in two weeks about the status of the new program that you are standing up --

MR. JAMES: Yes, Governor.

GOVERNOR HOGAN: -- and the time frame that you anticipate -

-

COMPTROLLER FRANCHOT: Great. And I'm very, obviously sympathetic to the Governor's concerns here. I'm not, this is your --

GOVERNOR HOGAN: The concern is for the kids, if we --

COMPTROLLER FRANCHOT: Yeah, and I, but each, at every Board meeting I'm going to ask you or whoever is standing in for you, where are the eight kids? Are they back here? You've got to bring them back.

MR. JAMES: Comptroller, I will be happy to appear before you every two weeks and give you a regular update on the status of our activities in standing up a program in Maryland to bring those kids back. And our goal ultimately is to establish sufficient resources in Maryland to bring back as many out-of-state youth as possible. We've already moved from having roughly 60 out-of-state youth at this time last year, down to 37. We need to bring that number down much further and I think we can. But the immediate need is to stand up a program within the next six to eight weeks, we hope, to be able to bring these youth back to Maryland. And that's --

COMPTROLLER FRANCHOT: So that's the timeline. Good.

GOVERNOR HOGAN: Yes --

MR. JAMES: -- that's our immediate timeline for trying to address this particular --

COMPTROLLER FRANCHOT: And you're going to try to bring all 37 back?

MR. JAMES: We're going to try to bring back as many of the 37 as possible. We think that's a significant number. There are a handful that have very distinct behavioral needs that if it's one youth in Maryland who has that particular need, it would be very difficult to sustain an entire program around that youth. But that we believe should be the exception. When there's a cohort of five or eight youth, that should be sufficient for us to establish a program in Maryland to address their needs and that's what our department is committed to doing.

COMPTROLLER FRANCHOT: Good. And I want to give kudos to the Governor. Because I've been here before when there was a different Governor, and there was a much different approach. Which was, hey, first let's make sure nobody can criticize what we're doing and then maybe we'll work something out. But it never apparently got worked out because this is not a new issue. I'm not upset with you. I'm just saying it's not a new issue.

MR. JAMES: Comptroller, I'm upset with us.

GOVERNOR HOGAN: Yes.

COMPTROLLER FRANCHOT: And but it actually, it actually looks like this is going to be resolved in a way which protects these kids. And I'm much more comfortable knowing they're going to be brought back --

GOVERNOR HOGAN: Look --

COMPTROLLER FRANCHOT: -- than I am in having some hearings and investigations and this, that, and the other thing. Let's just bring them back. Because we know we can take better care of them than possibly these other out-of-state facilities. So --

GOVERNOR HOGAN: Again, I want to thank, thank you for standing here and taking all that heat and also for being on top of the situation and coming up with short-term and long-term solutions. And if we have any other questions, there's a motion on the floor that you report back to us in two weeks and maybe we'll get a little more detail on the plan that we're going to be standing up. And it's been motioned and seconded. All those in favor?

COMPTROLLER FRANCHOT: Aye.

GOVERNOR HOGAN: Aye.

TREASURER KOPP: Aye.

GOVERNOR HOGAN: Three-nothing. Thank you, sir.

MR. JAMES: Thank you, Governor. Thank you.

GOVERNOR HOGAN: Are there any other questions on the balance of the Secretary's Agenda?

SECRETARY MCDONALD: Governor, let me just note that Dr. Langley on the archaeology item, the underwater archaeology item, has provided materials I've given to your staff in order to address the Maryland Maritime Program.

GOVERNOR HOGAN: Great.

TREASURER KOPP: Great.

GOVERNOR HOGAN: Thank you. Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second. Three-nothing on the balance of the Secretary's Agenda. We're going to move on to --

TREASURER KOPP: It's now five --

GOVERNOR HOGAN: -- DNR. Oh, yeah. Is it five minutes of?

TREASURER KOPP: I thought they were coming in at five of 11.

COMPTROLLER FRANCHOT: What's that?

TREASURER KOPP: Ah, Comptroller. Our clock is fast.

COMPTROLLER FRANCHOT: Our clock is fast?

GOVERNOR HOGAN: Yeah. Yeah, the clock is --

TREASURER KOPP: Never mind.

COMPTROLLER FRANCHOT: That's because they want me to be on time.

GOVERNOR HOGAN: We'd better look at our phones. Oh yeah, we have nine minutes. Okay, DNR Real Property Agenda.

MR. BELTON: Good morning, Governor --

SECRETARY MCDONALD: There he is.

GOVERNOR HOGAN: Secretary Belton?

MR. BELTON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Mark Belton, Secretary of the Maryland Department of Natural Resources. We have six items on our Real Property Agenda for your approval this morning.

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

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing. Up next, Secretary Brinkley, DBM.

MR. BRINKLEY: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, David Brinkley, Secretary of the Department of Budget and Management. We have six items on today's Agenda. I have people here to address any questions you may have. And Item 6-S is a supplemental item.

GOVERNOR HOGAN: Questions on Department of Budget and Management? Yes, sir?

COMPTROLLER FRANCHOT: Item 2-S.

MR. BRINKLEY: Item 2-S, Department of the Environment.

Kristy Michel, Deputy State Superintendent for Finance and Administration. I hope I pronounced your name correctly this time.

MS. MICHEL: I didn't hear you.

(Laughter.)

MR. BRINKLEY: Well I can't go wrong then.

MS. MICHEL: Good morning. My name is Kristy Michel. I'm the Deputy Superintendent for Finance at the State Department of Education. We're here today to request your approval of a contract for high assessments for government and science. And I'd be happy to answer any questions you have.

COMPTROLLER FRANCHOT: Sure. No, I've got a lot of questions because, well, there's a generic issue of testing and specifically I have concerns about testing for government. I'm happy to test, I guess, people from time to time. But I remember some time ago asking that the school system in the State of Maryland teach financial literacy to people, the one thing that all of our kids need. Everybody needs it. Oh no, we don't have time for that. That's, no, we've got to teach, measure this, what is it? Government? Oh, okay. Great. So we're going to pay \$56 million to an out-of-state company, a for profit company, to Measured Progress up in Dover, New Hampshire for development and administration of high school assessments in government. Oh, and I see science

too. But apparently they are just going to use last year's science exam. With additional pricing options for artificial intelligence scoring. That's a new one, we're going to have robots testing our, evaluating our test. So we're, you're asking us to vote for \$56 million.

Last September you were before the Board for yet another extension for services included in this contract. I voted against that extension. It is a very long string of extensions of a contract that started all the way back in 2007 and was supposed to expire in 2012. At the time we were told the extension was necessary to make sure there was no disruption to the January, 2018 HSA and that you anticipated coming back with the procurement of November of last year, and at the latest December. So now it's March. Let me just ask, is, what was the cause of the delay of several months?

MS. MICHEL: So first can I address some of your other concerns?

COMPTROLLER FRANCHOT: Well let's, I've got some specific questions --

MS. MICHEL: Okay, certainly.

COMPTROLLER FRANCHOT: -- so let's deal with those if I could, and then you can come back and answer the larger concern. But in last year you said you were really hard pressed for time and that you were concerned that test items were not going to be developed in time for Maryland educators to

be able to review the test items for content, bias, and sensitivity. And all of a sudden here we are not at November, December, we're in March.

MS. MICHEL: Sure. And the reason we requested that extension was two-fold. One was because we wanted to make sure we had an assessment available for the January administration, and two we were concerned that compressing the time frame to do a procurement based on delays we had in the previous year would limit the number of vendors that could bid. And we, in order to do a fair and competitive process we wanted a little bit more time so that more vendors could participate in that procurement. And we did receive three bids and based on that competitive procurement we do feel like we're going to save a considerable amount of money based on the competition that was enabled by that extension. So and we do thank you for granting that extension the last time I was here discussing the HSA assessments. We are on track to have our assessments ready for the January, 2018 administration.

COMPTROLLER FRANCHOT: Okay. And apparently Maryland teachers look upon the extra work that they normally get and are paid for as far as evaluating the test and scoring the test, they generally participate in that. Is that what Maryland, is that what Measured Progress, this new for profit company in New Hampshire, are they going to be employing Maryland teachers to score these tests? Or --

GOVERNOR HOGAN: Okay, we're going to have to cut it off right now --

COMPTROLLER FRANCHOT: Oh, good. Okay. Great.

GOVERNOR HOGAN: -- and jump back in. I guess you were saved by the bell because I think we have --

(Laughter.)

GOVERNOR HOGAN: But we'll come back.

COMPTROLLER FRANCHOT: Okay.

(Laughter.)

MR. LUND: I apologize, everybody. So we have already taken bids for the refunding sale and the taxable portion. I can tell you our preliminary numbers, on the taxable we got a rate of 2.02 percent, which is about ten basis points better than we were hoping for. On the refunding we also got about ten basis points better than we were hoping for. We got 1.72 and our preliminary estimates are we got about \$21.7 million in net present value savings. That's a total of 4.4 percent saved.

TREASURER KOPP: Very good.

GOVERNOR HOGAN: Great.

MR. LUND: So it's looking like we had a good sale. So we are going to pull up the screens here. I'll show you first, we've got four bidders signed up for the new money tax-exempt: J.P. Morgan, Bank of America, Morgan

Stanley, and Citigroup, which are the four that we would expect. I guess we've got a couple of minutes.

While we wait I'll show you Bank of America was the winner of the refunding. And on the taxable Raymond James, pardon me, Wells Fargo was the winner on the taxable.

We've got two minutes to go here.

GOVERNOR HOGAN: Two minutes? You'll have to do a little dog and pony show.

MR. LUND: Yeah. I should have waited a second.

GOVERNOR HOGAN: We could have almost finished the Comptroller's questions.

COMPTROLLER FRANCHOT: Geez, I know. Normally I'm just asked to keep talking but that's okay.

TREASURER KOPP: You did a good job.

GOVERNOR HOGAN: They have time to work on their answers, right?

MR. LUND: Oh, we've got a bid, a little early. Good. Bank of America is in. Like I said, they won the refunding. Very competitive rate.

COMPTROLLER FRANCHOT: There was only one bid?

MR. LUND: We've still got a minute left so --

COMPTROLLER FRANCHOT: Oh, okay.

MR. LUND: -- and we can't see the numbers until everybody is in.

TREASURER KOPP: I always wondered what would happen if they changed their mind.

MR. LUND: Oh, there we go. All right. All right. Bank of America is back. They still like us.

(Laughter.)

MR. LUND: There, okay, good deal. So we got all four bids. Let's look at those. Okay? Everybody is in. We'll check the results, .83, Bank of America looks like the winner preliminarily. Right now it's Bank of America but we need to go back and check all the numbers and everything and see if it works out. And the premium is higher than expected, so. Great. So we will go and check some numbers and we'll be back in a few minutes. Thank you.

GOVERNOR HOGAN: Very good. Thank you. That's pretty good stuff.

TREASURER KOPP: That's a happy Secretary of Budget over there.

GOVERNOR HOGAN: Yes, well he's, we're going to have a little more money. That's good work. So --

TREASURER KOPP: Well we'll see. They are checking that --

GOVERNOR HOGAN: -- he said a couple of minutes, should we get back into this?

TREASURER KOPP: -- and then we'll come back with --

GOVERNOR HOGAN: Should we do another question? Or --

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: Yeah. If we could call the school system back up?

SECRETARY MCDONALD: Kristy --

COMPTROLLER FRANCHOT: Great. So let me just pick up. Historically the for profit companies that we pay money to for these assessments utilize Maryland teachers to write test items. Are they going to contract with Maryland teachers as they have, as these groups have done in the past? What is the plan for the utilization of so-called artificial intelligence? Will that replace the use of teachers in scoring the tests since so many Maryland teachers are able to supplement their incomes historically? But I'm concerned with this company that we're doing something different.

MS. MICHEL: Sure. Teachers have historically been involved in our standard setting process and assisting with item development. They have not scored our previous assessments so they will not be scoring these assessments either. That has traditionally been left up to the vendor. In terms of the artificial intelligence, that is something we have used in some of our other assessments in

the past and we would never move forward with artificial intelligence scoring without being absolutely certain that it is valid and reliable. In this particular contract we have written it in a way that it is an option so we can proceed with both the hand scoring and the AI simultaneously and we would never exercise that option until we got to a point where we thought it was absolutely reliable --

COMPTROLLER FRANCHOT: Yeah, because here is what is going on around the country. You guys may not be aware of it, but you should be aware of it. These companies are now hiring people on Craigslist to come in and score these tests. They are not using the folks in the State that are, A, educators, and B, people that are familiar with the State. They are going to temp agencies. That is what Measured Progress did in Oklahoma. They went out and hired Kelly Services.

So I just question the whole structure right now of the organization that you're bringing in and I urge that, you know, the hiring of out-of-state test scorers with highly questionable qualifications on Craigslist rather than qualified and experienced educators, I hope your testimony is that that's not going to be allowed. Or did you state that that is a possibility if you review it and see that you want to do that?

MS. MICHEL: I will certainly take a look at the contract -- I'm looking to see if our, can you come up, do you have any --

MR. STRADER: Yes.

MS. MICHEL: Doug Strader our Director of Assessment is here and he can speak to the --

COMPTROLLER FRANCHOT: Are you aware of the Oklahoma situation with Measured Progress, the company you are asking us to sign off on?

MR. STRADER: I --

COMPTROLLER FRANCHOT: And what they did with Kelly Services?

MR. STRADER: Yes. And our contract arrangement with Measured Progress is very different in that. And that is structured that MSDE, Maryland reviews all of our scorers and we send folks out to the scoring centers to make sure they are following appropriate protocols, which also includes hiring practices. So Maryland has a much tighter grip on our assessment program than some of the other states do. So in this particular situation because of the gravity of attaching high school graduation requirements to this, we hold the scorers to a very high standard in Maryland. And you also had a question regarding the AI scoring. Do you wish to address that --

COMPTROLLER FRANCHOT: Yes, please.

MR. STRADER: -- as well? Okay. AI is artificial intelligence, also in our realm we call that automated scoring. It's the use of computers to help score extended constructed response items. Within this particular bid and with the high school assessments in particular, we're very conservative of the use of

that technology because of the high stakes nature of these assessments. So therefore we included it in this contract as an option. The benefits to AI scoring include cost savings potentially, as well as the turn around time for the assessments. So if you wish to leverage AI you can turn around your results almost instantaneously if you have them computer scored. However at the high school level --

GOVERNOR HOGAN: We're going to have to stop you right there.

MR. STRADER: Certainly.

GOVERNOR HOGAN: Just pause for one second and we're going to finish up this bid process.

TREASURER KOPP: All right. Do we have to go back to this? Do we have to go back to the item to read this?

SECRETARY MCDONALD: We're on Item 1. Yes.

TREASURER KOPP: Item 1? On the Secretary's Agenda.

SECRETARY MCDONALD: We'll be filling in the blanks under Item 1 as you make your --

TREASURER KOPP: Right. So we're back at Item 1 for a moment.

GOVERNOR HOGAN: Item 1?

TREASURER KOPP: Governor, I move that the Board adopt the resolutions before us today concerning the State and Local Facilities Loan of 2017, First Series in particular. I move that the board ratify and approve the preliminary official statement dated February 24th, 2017; the summary notices of sale for the 2017 First Series A, B, and C Bonds published in the *Bond Buyer* on February 24th, 2017; and the resolutions adopted by the Board on February 8th, 2017 with respect to the bonds, and would ask for a second and a vote on the motions.

GOVERNOR HOGAN: Is there a second on the motion?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: I vote aye.

TREASURER KOPP: That's unanimous.

GOVERNOR HOGAN: Three-nothing.

TREASURER KOPP: Secondly, I move that the Bank of America Merrill Lynch be declared the successful bidder for the First Series A Tax-Exempt Bonds in the aggregate principal amount of \$575 million subject to resizing as provided in the official notice of sale with a net premium of \$91,424,169.17, and a true interest cost of 2.834242 percent. And I further move that the First Series A Bonds be issued in the resized amounts and maturities and at the interest rates and prices set forth in the successful bid for the bond, and would ask for a second and a vote on the First Series A motions.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: Vote, three-nothing.

TREASURER KOPP: And secondly I move that Wells Fargo Bank National Association be declared the successful bidder for the First Series B Taxable Bonds in the aggregate principal amount of \$100 million, subject to resizing as provided in the official notice of sale with a discount of \$140,983 and a true interest cost of 2.029999 percent. And I further move that the First Series B Bonds be issued in the resized amounts and maturities and at the interest rates set forth in the successful bid for the bonds, and would ask for a second and a vote.

GOVERNOR HOGAN: Is there a second on that motion?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: The vote is three-zero.

TREASURER KOPP: And finally, Governor, almost finally, penultimately, I move that the Bank of America Merrill Lynch be declared the successful bidder for the First Series C Tax-Exempt Refunding Bonds in the aggregate principal amount of \$470,890,000, subject to resizing as provided in the official notice of sale with a net premium of \$72,709,006.95, and a true interest cost of 1.717277 percent. And I'd further move that the First Series C Bonds be issued in the resized amounts and in the maturities and at the interest rates set forth in the successful bid for the bonds, and ask for a second and a vote on that.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: Three-zero.

TREASURER KOPP: And finally, Governor, I move that the Board authorize and approve the issuance of the final official statement for the bonds and ask for a second and a vote.

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: Three-zero.

TREASURER KOPP: Thank you. This was, this was a really good sale.

GOVERNOR HOGAN: Great. It was really good.

TREASURER KOPP: It shows that people are looking for stability and a good conservative investment in very volatile times and see Maryland as exactly that.

GOVERNOR HOGAN: Great work. I again want to thank your staff for all --

TREASURER KOPP: Terrific.

GOVERNOR HOGAN: -- their hard work, and thank everybody that helped put us in the position where we were so attractive to the bond companies. And I think we have a little more of a premium than we were expecting, isn't that right, Mr. Secretary?

MR. BRINKLEY: I think 17 --

GOVERNOR HOGAN: Seventeen more than we were hoping for.

TREASURER KOPP: Christian Lund, Bernadette Benik among others who have been --

GOVERNOR HOGAN: Yeah let's --

TREASURER KOPP: -- the leaders.

GOVERNOR HOGAN: Let's bring them back in for a second and give them a round of applause.

(Applause.)

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: They just made us a lot of money, so thank you.

(Laughter.)

GOVERNOR HOGAN: Thank you very much. So we'll get back to the Comptroller's questions. They were kind of in mid-answer there.

COMPTROLLER FRANCHOT: No, it's fine. Very --

SECRETARY MCDONALD: All right. Back to Item 2-S on the DBM Agenda with Kristy Michel.

COMPTROLLER FRANCHOT: Yeah, we should involve, we should do this more often because we just made \$17 million, most of which will go to education I'm sure. So I have heard considerable concerns from teachers

about how these tests that you're, we're voting on today, what exactly the transition will be. According to your department, "a science test will be administered in 2018. However, because of the delay in the initiation of the contract there may have to be either partial or entire reuse of old forms." Is that old curriculum?

MR. STRADER: No. What we're referring to in old forms, as part of the sunseting of the existing contract, if you, the numbers for fiscal year '16, we actually moved forward with the building and construction of those forms to allow for this transition. So by old forms we mean forms that were developed in the prior vendor. They would be new forms that students haven't seen yet, but again we prepared for this transition just in case this particular situation would occur. That way the seamless to our stakeholders, it would be seamless to our stakeholders.

COMPTROLLER FRANCHOT: Okay. So for students who no longer take a stand alone course in biology, are they going to just get a recycled biology test from the, on the old forms?

MR. STRADER: So currently the last administration for the biology test would be this summer under the existing contract. What we would look to as the current goal is to field test the new science items for both January as well as in the spring administration of the HSA, where students will be held accountable for participating, not necessarily passing, as we introduce this new

test. With the scope of the new contract we still feel confident that we will be able to continue with that. But after we get through this part we're going to go through our kick off meetings with our vendors and if need be we do have that plan B to fall back on if need be. But meanwhile we do believe we can still address the scope of the contract as is.

COMPTROLLER FRANCHOT: Right. But you understand the concern that students take a test that no longer matches their curriculum?

MR. STRADER: Within the next generational science standards, the standards that are included within the biology test now are also infused within those other standards. And so there's not a direct disconnect there between what was administered before and what will be administered moving forward.

COMPTROLLER FRANCHOT: But why then should it be on an advisory basis? Why don't you just go ahead and implement it?

MR. STRADER: We are looking to do that, sir. But just in case if we do run into issues we do have a plan B to fall back on because we are required to administer a science test. Through the feds we are required to report and administer a science test during each administration. So we want to make sure that we cover all of our bases and make sure we're doing what's best for our kids. So we will adhere to the scope of the contract and our intention fully is to move forward with the field test as planned and we believe we can do so. But just in

case we do have a fall back plan which includes the use of those forms that were developed.

COMPTROLLER FRANCHOT: So let me just leave the issue of the teachers and the students aside. And by the way, I noticed the teachers union, which generally supports me so I'm not a critic of that, have this testing issue as a priority. I never hear from them on these huge, tens of millions of dollars that we pay to these out-of-state companies who engage in these tests. So if anybody from MSTTA is listening, I'd love to get their point of view on them. Because it's their position, and I think I agree with it, that there's too much testing and too little teaching. But given that, let me just get back to the contract here.

Because this particular company, Measured Progress, according to media reports they just lost their contract to develop similar tests in Nevada largely due to suffering low scores in the "demonstrated competence" category by the State of Nevada, which well I like Nevada but I'm not sure they are one of the top three states in education like we are. But they fired these guys for demonstrated I guess incompetence. What do you say to that? I mean, really? Seriously?

MS. MICHEL: No --

COMPTROLLER FRANCHOT: You're asking us to commit \$56 million to a company that of all states Nevada just fired?

MS. MICHEL: Sure. And I think our contract is probably structured differently than Nevada and we have a team that will monitor the contract and ensure that anything that we are required to receive or services they are required to provide will be provided. We did get three bids on this contract and they ranked second technically. The first ranked bid was significantly more expensive than this contract. So we thought for the best interest of everyone involved that we would go with the second ranked technical proposal, which we do feel can absolutely do this work, and save a significant amount of money.

COMPTROLLER FRANCHOT: Yeah. So Measured Progress is paying Nevada \$1.3 million because 70 percent of the 214,000 students couldn't even take the test. The whole program crashed. So I guess we should at least be aware of that. And I also understand North Dakota is seeking compensation to account for technical glitches it experienced while administering their test. And in Montana, similar issues caused them to make their 2015 Measured Progress test optional. Have you spoken to other states about the company's past work, including Nevada, Montana, and North Dakota education officials about their performance problems in those states?

MS. MICHEL: Yes, we are aware of the issues in the other states.

COMPTROLLER FRANCHOT: And what is your response to that?

MR. STRADER: We do have concerns in some of these areas that you're highlighting here. But again, the issue was going through the procurement process the difference in cost between the number one technical and the number two. We just knew our focus was going to have to be to the contract itself. Go with Measured Progress, as well as devote our staff and our time to ensure that this program is administered without a hitch.

COMPTROLLER FRANCHOT: Yeah, but here's the point about procurement. It's not just the low bid. It's the transparency of the process so that we don't award contracts to companies that have situations like this occur in other states, even if they are the low bidder. I mean we often are asked by agencies to look well beyond the low bid. And in this instance I certainly would because you've possibly risked disruption of these tests based on what's occurred in other states. And how do you expect us to protect the taxpayers and the teachers and the students in the event that this group isn't capable of fulfilling their end of the deal?

MR. STRADER: Well as we researched those other states, there were other variables which contributed to the issues that Measured Progress had in those states.

COMPTROLLER FRANCHOT: What were they?

MR. STRADER: Other vendors were part of that work. Some of it was related to their platform. Some of it was related to hand off in items to a

different platform than the platform that they proposed to us. And what do I mean by platform? That's the administrative platform that students actually engage to take the test. They presented a product called iTester to us, which is not being used in two of those other states. They were using a different platform vendor and the problem was some of those items weren't rendering in that other subcontractor's environment. So we did look at some of those issues. So we are confident that we can make this happen. But is there additional risk with going to the second technical? Yes, there is. And we do need to pay close attention to that. But we do feel confident that we can, that this will work. That we can meet the contract obligations here.

COMPTROLLER FRANCHOT: Well I'm just a lonely vote in search of another one. But I would vote no on this because not only is there the larger issue of is testing now such a fetish with us, apparently justified by the federal government asking us to, or penalizing us if we don't do it. Hello, has anybody noticed what's happened in Washington recently? There is no way the U.S. Department of Education, and I disagree with the whole situation over there, but there is, it strains credulity that somebody is going to come in and penalize the State of Maryland if we choose not to do these tests this year.

MR. STRADER: And just to be clear, with this particular contract one of the assessments is required by the feds, and that's the science piece. The

other piece is the government assessment, which is required by the State Legislature here in Maryland.

COMPTROLLER FRANCHOT: Well that's just --

MR. STRADER: So that's --

COMPTROLLER FRANCHOT: -- that's just rich. That is just really good.

MR. STRADER: I just, I can't throw the feds under the bus entirely on this one.

COMPTROLLER FRANCHOT: Yeah. I really think we should put this off and take a deep breath --

GOVERNOR HOGAN: Is this a --

COMPTROLLER FRANCHOT: -- and there are people that are commissioning these investigations and reviews of this testing. But we have gone so overboard in this. I --

GOVERNOR HOGAN: Is there some sense of urgency with this, that it's going to change things? Are we still, if we could take this matter under consideration --

COMPTROLLER FRANCHOT: Thank you. Please.

GOVERNOR HOGAN: -- would we somehow miss the testing and lose the funding or --

MR. STRADER: Well we need to continue with the January administration for this assessment. So the timeline is getting very tight there.

TREASURER KOPP: Two weeks? What would that do?

MR. STRADER: Two weeks?

COMPTROLLER FRANCHOT: Well I'd be happy to move --

MR. STRADER: Two weeks?

COMPTROLLER FRANCHOT: -- move for two weeks. I would appreciate it. I'd be grateful. Because at least it would give the Legislature and the federal government a chance to tell us whether in fact we could possibly substitute something this year. And --

GOVERNOR HOGAN: I'll second that motion.

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: Governor, let me say I think we have to go ahead. I don't have a question about that. I would like, however, to see in writing from you the questions that have arisen, the problems that have arisen with the vendor you chose, and your response in terms of how you are going to avoid those problems in Maryland. And as far as government is concerned, I think what we need more than anything right now are good courses in government and civics and everybody, including the adults, studying it. So I don't share the skepticism about government at all.

MS. MICHEL: If I may, I know if Dr. Salmon was here she would say that we, when the government assessment went away a few years ago we saw a drop or a decline in activity.

TREASURER KOPP: I bet you did.

MS. MICHEL: When it was reinstated by the General Assembly a few years ago we really saw kids starting to take their government courses seriously again.

COMPTROLLER FRANCHOT: Yeah. Well --

TREASURER KOPP: But, but --

COMPTROLLER FRANCHOT: -- the next time you're negotiating an automobile loan and getting yourself in unbelievable hot water, come and talk to me. Because that's the issue that we're letting our kids down. And you know, yes, thank you if they are told where State Circle is, I'm all for that. But as far as a graduation requirement, it's just laughable that that is put up on the same level as financial literacy, which all of us desperately need. And does it irritate me? Yeah.

TREASURER KOPP: Let me just go on record disagreeing 100 percent.

COMPTROLLER FRANCHOT: Okay. That's fine.

GOVERNOR HOGAN: So --

COMPTROLLER FRANCHOT: I'm happy to have disagreements.

GOVERNOR HOGAN: -- we can disagree on --

TREASURER KOPP: Yeah. That's why we need a government --

GOVERNOR HOGAN: Financial literacy and government --

TREASURER KOPP: Yeah. I don't think it's either/or. Yeah.

GOVERNOR HOGAN: -- I happen to have a major in government. I think it's a good thing to study. But I think financial literacy is really important also. There is a motion on the floor that we delay this for two weeks. It's been seconded. All those in favor, say aye.

COMPTROLLER FRANCHOT: Aye.

GOVERNOR HOGAN: All those opposed? I didn't get which side of that one you were on?

TREASURER KOPP: No, I'll --

GOVERNOR HOGAN: You're okay? So it's, the motion carries unanimously.

MS. MICHEL: Thank you.

SECRETARY MCDONALD: Deferred until the next meeting. And in fact, the item in front of you was to start the contract on April 1st. Already you had built in two or three weeks. So we're okay with the contract.

GOVERNOR HOGAN: Great.

SECRETARY MCDONALD: So.

GOVERNOR HOGAN: Are there any other questions on the DBM Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing. Now we're going to go to University System. Good morning, Joe.

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

GOVERNOR HOGAN: One item, University. Any questions?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing.

MR. EVANS: Thank you.

GOVERNOR HOGAN: Thank you.

SECRETARY MCDONALD: Thank you, Joe.

GOVERNOR HOGAN: Now we're going to move on to the Information Technology Agenda. And I want to welcome our Acting Secretary Mike Leahy, who had the misfortune of having, his very first day on the job he had to come before the Board of Public Works. So I hope we have some very tough questions. Are there any --

MR. LEAHY: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I am Michael G. Leahy, the Acting Secretary of

the Department of Information Technology. Today we have three items on your Agenda, and I have agency representatives here to answer any questions you may have. And thank you for the introduction, Governor.

GOVERNOR HOGAN: Well welcome aboard. Any questions on DoIT?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Darn, you got off the hook this time. In two weeks we're going to have some tough ones. But welcome.

MR. LEAHY: Thank you.

GOVERNOR HOGAN: Thank you. Three-nothing on DoIT. We'll move on to Transportation.

MR. RAHN: Good morning, members of the Board. For the record, I'm Pete Rahn. I am the Secretary of the Maryland Department of Transportation. And MDOT has seven items for your consideration today. Item 8-GM is being removed.

GOVERNOR HOGAN: Okay. Any questions on Department of Transportation? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Three-nothing. We're going to move on to DGS.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for General Services. The department has 20 items on our Agenda today. We are withdrawing Item 20-LT, and we'll be glad to answer any questions you have at this time.

GOVERNOR HOGAN: You've got a big list today, 20 items. Any questions on DGS? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing. This concludes the Board of Public Works. Thank you for joining us. And congratulations on the bond sale, Madam Treasurer.

(Whereupon, at 11:25 a.m., the meeting was concluded.)