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PRESENT

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HONORABLE NANCY KOPP,
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HONORABLE PETER FRANCHOT
Comptroller

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PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

GOVERNOR HOGAN: Welcome to the Board of Public Works.

Yesterday I wasn't able to join Speaker Busch on the floor of the House chamber when they honored the outstanding team at the University of Maryland Medical System. But I want to applaud the Speaker on his incredible winning health battle and thank the wonderful doctors and nurses and professionals at the University of Maryland. We both went through life-threatening conditions and both very lucky to live here in Maryland and have such great medical systems.

In today's political atmosphere it's sometimes easier to focus on what divides us. But as the Speaker reminded us yesterday, you know, there are some things in life that much more important than the little petty disagreements we have here sometimes in Annapolis. And we've got a lot more in common and a lot of important things to work on together.

The Speaker introduced legislation yesterday which establishes a tax credit for living organ donations and I'm very happy to support that bill. I think it's a great idea. As you may know, I see some people looking at me cross-eyed, I had skin cancer surgery a couple of days ago so my face is looking a little rough today. I was going to say you should see what the other guy looks like.

(Laughter.)

GOVERNOR HOGAN: But you know, I mentioned last week before I went to go do this, I said, you know, I was trying to make light of the situation. And I said, you know, scars are cool. So I'm on the operating table, it was like a three and a half hour surgery, and before they are numbing me up, and the doctor says, I was really happy to hear that you think scars are cool because --

(Laughter.)

GOVERNOR HOGAN: -- that's a lot less pressure on me here today.

(Laughter.)

GOVERNOR HOGAN: But I thought about wearing a Phantom of the Opera mask this morning and I couldn't find one. But we've got important business to take care of. I will say that my surgery was a complete success and so for anybody keeping score it's now Larry two, cancer zero.

(Laughter.)

(Applause.)

GOVERNOR HOGAN: And one more thing before I turn it over to my colleagues. You know, we like to, at some of these meetings we like to recognize outstanding public employees, people that work for the people of the State of Maryland who do an exceptional job of customer service. And who actually go above and beyond what is the normal call of duty. And we have such

a person here joining us today that I want to recognize. I'd like to have Mitch Baldwin come up to the podium, if I could. Is Mitch, is he hiding in the back of the room?

(Applause.)

GOVERNOR HOGAN: You guys are clapping for Mitch and you don't even know what he did yet.

(Laughter.)

GOVERNOR HOGAN: But Mitch is a valuable member of our executive services team and that's the kind of customer facing branch of the Governor's Office and they handle, every single day their entire team handles incredible help for people that call with any number of problems and issues and concerns. And they handle all the constituent calls and emails and letters and try to help people with whatever issues they are having. And the entire team of executive service, many of whom are standing in the back of the room, do a great job every single day under the leadership of our Director Gaye Adams, who is here with us.

But this was a special one that I wanted to point out. Mitch just before Thanksgiving, he received a request for a Thanksgiving dinner from a Mrs. Francine King, who is a widow living in an assisted living facility in Bowie, and her husband, a military veteran, had recently passed away. And Mitch decided to take matters into his own hands and on his own time and with his own money,

Mitch prepared a full Thanksgiving dinner for Mrs. King. The night before Thanksgiving Mitch and his girlfriend brought her a turkey with all the trimmings and pumpkin and apple pie and they took the time to visit with Mrs. King for a while. So Mitch, we are so proud to have such a dedicated public servant and such a caring person on our team and so we want to present you this morning with a Governor's Citation honoring you for incredible customer service. And I'd like to bring Gaye and the rest of her team up here with you to take a picture.

(Applause.)

GOVERNOR HOGAN: It's also Mitch's birthday today. So Happy Birthday, Mitch.

MR. BALDWIN: It's about the best birthday present I've ever had.

(Laughter.)

MR. BALDWIN: This is my Mom and Dad, and my girlfriend as well, also.

GOVERNOR HOGAN: Mom and Dad and girlfriend --

(Applause.)

COMPTROLLER FRANCHOT: Can we get the family to come up?

GOVERNOR HOGAN: Yeah, how about one with your family. Come on up --

MR. RAHN: You know, Governor, it's his girlfriend --

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GOVERNOR HOGAN: We'll skip some of the business and just take photos today.

Okay. That's okay.

COMPTROLLER FRANCHOT: Do you want to say a word?

MR. BALDWIN: I just want to say thank you to everybody in my family. Governor, it's awesome to be on the staff. You know, that's all.

GOVERNOR HOGAN: thank you. That's wonderful.

MR. BALDWIN: This is my girlfriend. I couldn't have done it without her.

(Laughter.)

GOVERNOR HOGAN: Great to meet you. Come on, girlfriend.

MR. BALDWIN: She baked the turkey, so --

(Laughter.)

(Applause.)

GOVERNOR HOGAN: Thank you.

MR. BALDWIN: Thank you.

(Applause.)

GOVERNOR HOGAN: Well we also have another birthday in the house today as well. Bruce Bereano, Bruce Bereano says that he's turning 39 again.

(Laughter.)

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GOVERNOR HOGAN: But you know how lobbyists sometimes stretch the truth. But Bruce, Happy Birthday to you. You're a good friend. It's really appropriate to have Bruce here with us this morning because he was actually here at the very first BPW in 1864.

(Laughter.)

GOVERNOR HOGAN: When he was just a young lobbyist and Mike Miller had just been elected. So welcome --

(Laughter.)

GOVERNOR HOGAN: -- Happy Birthday, Bruce. With that, we will turn it over to my colleagues for any opening remarks. Madam Treasurer?

TREASURER KOPP: Governor, good morning. It's good to be here. Let me add my thanks to Mitch. I was just saying as he left, it's more than customer service. It's being a very decent person. And it's something we can each do in different parts of our life. Believe, my son and daughter are going to hear about this.

I just, you know, we don't agree on everything. And you know, neither of us hesitates to speak up. But I'd like to speak up too about some really outstanding items on this Agenda, I think, as last week, last meeting. I think there are a number of ways in which Maryland continues to take the lead in both energy conservation and protecting the environment, issues that all Marylanders ought to be seriously concerned about. Whether, and I think it's very interesting to notice

that it's not in any one department either. Obviously in DNR, but also a major project today on the Transportation Agenda, the Housing Agenda. Throughout the Agenda and the items and the administration. And I hope we can note them as we go through. But I just think it's important for people to realize that we have some terribly serious, urgent problems facing us, whether some people in Washington want to recognize them or not. And it's good to know that Maryland and Maryland's leadership does. And one of them, I think, the County Executive of Howard County is here to address. But I just want to say it's noted and it's very much appreciated.

GOVERNOR HOGAN: Thank you. I see the Secretary of the Environment, who you didn't mention, is beaming with pride over here. We have done a great job protecting the environment, among other things. But I want to thank Secretary Grumbles for his efforts as well.

Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. And my wife Annie and I are delighted that you got through the little surgery that you mentioned. And I happen to think you look terrific.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: I'm a big ice hockey fan.

(Laughter.)

COMPTROLLER FRANCHOT: Let me, welcome to the Washington Capitals here. But seriously, I want to just give you her best wishes and my best wishes.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: And --

GOVERNOR HOGAN: You know, I thought losing the hair made me look tougher.

COMPTROLLER FRANCHOT: Mm-hmm.

GOVERNOR HOGAN: But I'm really going to be intimidating now when I'm dealing with Miller and Busch.

(Laughter.)

GOVERNOR HOGAN: You know, it looks like, don't mess with this face.

(Laughter.)

COMPTROLLER FRANCHOT: You know that Miller story is worth the price of admission today. So thank you. I'll try to remember that line. But and Mr. Bereano, I'm glad that you recognized him. Honestly, he provides a lot of glue to the whole institution down here. And no good deed goes unpunished, of course. But in our profession, but Mr. Bereano represents something that obviously we kidded about going back a long time. But he represents some continuity of relationships that are important to a lot of people.

So thank you, Governor, for recognizing him. I didn't have the courage to wish him Happy Birthday.

But I would like to make a comment about tax fraud and identity theft. Obviously we have opened up the tax season recently. And we've processed well over 100,000 returns, sent more than 90,000 refunds out to people. But the issue of tax fraud is a huge priority for my agency because the thieves follow the maxim of the early bird gets the worm and most of the thievery happens early in the tax season. So we're seeing fraudsters shamelessly targeting the financial security of innocent and hardworking Marylanders by trying to step in and get their tax refund.

Just last week my office suspended processing returns from nine highly suspicious tax preparation services across the State and in the District of Columbia and this new batch of suspended preparers are on top of the 95 other suspicious tax preparation services that we blocked in 2017 and 2016. Thanks to our very sophisticated fraud detection model and our dedicated staff, we flagged these tax preparers after seeing a high volume of questionable and yes, potentially fraudulent returns. These tax preparers have the opportunity to come into our office and prove that the returns they have submitted to us electronically are legitimate and accurate. Funny thing, none of them show up. A couple of them make appointments.

So this system we have is pretty good. I'm very proud of the fact that since I took office my agency has identified and blocked more than 88,000 fraudulent returns and prevented the disbursement of more than \$190 million in fraudulent refunds.

Our continued success in protecting Marylanders from financial fraud is due in large part to last year's unanimous bipartisan passage of the Taxpayer Protection Act. And Governor, I just want to once again express my gratitude to you and the General Assembly for your strong support and theirs of that legislation. In today's technologically advanced world it is more crucial than ever to be vigilant and proactive. Literally every day there is some new permutation of a fraudulent return.

To keep pace with the increasingly sophisticated financial schemes targeting the most vulnerable in our society in the years ahead, my agency will continue to use every tool available to protect Marylanders from tax fraud and identity theft and work with law enforcement partners to bring these financial criminals finally to court, hopefully to justice, hopefully to jail because of the emotional injuries that they, along with the financial ones, that they wreak on the citizens of the State of Maryland. And we're talking more than 12,000 Marylanders as we speak who are struggling with the fact that somebody has got their identity and is taking out mortgages in other states in their name. Literally. And obviously the IRS and everybody is getting conned by these fraudulent

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returns. We're doing our best to hold the line in Maryland. And knock on wood, we're making progress. And Governor, thank you again for taking the Taxpayer Protection Act off the floor because it didn't pass for a few years and now it's the law of the land. And I think it will really benefit the citizens.

GOVERNOR HOGAN: Thank you. I guess we'll go ahead and get started with Secretary McDonald and the Secretary's report.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 21 items on the Secretary's Agenda, no reports of emergency procurement today.

GOVERNOR HOGAN: I think we're going to jump to Item 20.

SECRETARY MCDONALD: Item 20?

GOVERNOR HOGAN: Because we have the distinguished County Executive from Howard County who has joined us this morning to speak on this particular item. So welcome, Mr. County Exec.

SECRETARY MCDONALD: And Mr. Darnall, too, from the Food Center Authority.

MR. KITTLEMAN: Oh yes. Of course.

SECRETARY MCDONALD: Since it's his recommendation. Okay. And County Executive Kittleman, yes.

MR. KITTLEMAN: If you want, if you'd like, Mr. Darnall can speak first and he can explain what's going on.

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GOVERNOR HOGAN: Yeah. Sure. I only have a list that only has you. So --

(Laughter.)

GOVERNOR HOGAN: -- I didn't mean to leave you out. I'm sorry.

MR. DARNALL: That's all right. Thank you very much. My name is Donald Darnall. I'm the Executive Director of the Maryland Food Center Authority. And it gives us great pleasure to be before the Board today. This is a project of first impression in the United States and they selected Maryland, and further they selected Howard County as the first location to build a biogas anaerobic digester. We're very excited. The Food Center has spawned a business cluster of food businesses within the region and within Howard County, so Howard County is the proud owner of a business cluster that consists of food companies. We have about a hundred companies within a five-mile radius of the Food Center. And this particular project is designed to take the food waste that we are now putting into the waste stream and being able to take that food waste and convert it to renewable energy. The plant will be able to provide both electric, steam, and gas, as well as a high grade agricultural fertilizer.

We're very proud of this project because it supports our commitment to social responsibility and our commitment to the environment and

doing everything we can to contribute to a healthy environment and do everything we can to prevent our products from going into the waste stream.

We're very happy. We have a great relationship with the county. The county has been extremely supportive with that. And with that, if you don't have any questions in particular about the lease I'll turn it over to the County Executive.

GOVERNOR HOGAN: Thank you very much.

MR. KITTLEMAN: Thank you. If I could briefly, thank you, Mr. Darnall, we've had a really great relationship with the Food Authority and the Food Center. I was sitting here thinking about what the Treasurer said and her kind comments and you know this is a great example of where something that is good for the environment is also good for business. And so many times we feel like they can't be together. This one is a perfect example of that because having the biodigester at the Food Authority and the Food Center will allow those businesses to save money on not having the truck take everything away and put it in the landfill. But it also saves our landfill from not having all of this food waste, and it's renewable energy being created. I mean, it seems to me it's a win-win-win all the way around.

I was very fortunate that I got to go to Italy this past fall to actually meet with the leaders of the BTS Bioenergy company. And Shawn Kreloff is

here in the back. He's actually the Executive Director and the CEO of the Americas office for BTS Bioenergy, if you have any questions for him.

TREASURER KOPP: Which is where?

MR. KITTLEMAN: It's actually in Connecticut, where your office is?

MR. KRELOFF: No, it's in Howard County.

MR. KITTLEMAN: Well, no the headquarters will be here. But you haven't got it yet. We've got to get this lease so they'll put the headquarters here in Howard County. But right now --

TREASURER KOPP: You were supposed to say Howard County.

MR. KITTLEMAN: -- he lives in Connecticut. But he, they will have a headquarters here. Their North American headquarters will be in Howard County should we be able to get this through, and provide at least 20 jobs to start with and then hopefully if they can build more of these facilities then this will be the place where they will have their main headquarters.

But we had a chance to go visit them over there. They have 190 of these operations throughout the world. None in North America. And so this will be their opportunity to start here but I think it's a great thing for us to do. I think it's a real trendsetter. I think it's something to show people how we can move forward. And when you think about how much food waste goes to our landfill, it just doesn't make any sense. And so I'm just here to endorse this and to ask for

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your support. If you have any specific questions, I know I sent a letter to you, if you have any specific questions for me or our Economic Development Authority Director here, Larry Twele is here, as well as Mr. Kreloff.

GOVERNOR HOGAN: Thank you very much.

COMPTROLLER FRANCHOT: Yeah, could you perhaps bring BTS up --

MR. KITTLEMAN: Sure. Yes.

COMPTROLLER FRANCHOT: -- and also bring Peter Ettinger up if he's around?

MR. KITTLEMAN: Yeah. Yeah. Peter is also working with BTS Energy, Bioenergy.

GOVERNOR HOGAN: Good morning.

MR. KRELOFF: Good morning.

COMPTROLLER FRANCHOT: Welcome. So what exactly is, what's it called? A biogas digester? What is it?

MR. TWELE: Anaerobic digester. So we're talking organic waste and using microbes, just like are in your stomach, and we're making methane gas out of it, which is natural gas, and we're making organic fertilizer.

COMPTROLLER FRANCHOT: Mr. Ettinger, what's the potential for this in Maryland in addition to what you've got going in Howard County?

MR. ETTINGER: Well we're incredibly excited to call Maryland our home. I've only been around here for about 30-some-odd years so I'm also incredibly excited to call Maryland my home.

We can see this easily going county by county, the principal business location, significant business parks, even academic institutions. Anyplace where there is organic waste, you really should be looking at that in a creative way. And we think we've embraced a creative approach that's good for the economy and good for the environment.

COMPTROLLER FRANCHOT: Excellent. Thank you.

GOVERNOR HOGAN: Thank you all very much.

TREASURER KOPP: Very exciting. The only thing I would ask, and I guess Mr. Darnall, or all of you, there are some steps between now and the time it's in operation and fully, and may include some sorts of either business or environmental certifications and things. I hope you'll keep us informed as it goes on so that we can, I think it sounds like a great, great project. And we would hate to see it bogged down in unnecessary red tape or bureaucracy.

MR. KITTLEMAN: We'll do the best in Howard to make sure it goes through. But I also want to thank, you mentioned Secretary Grumbles, he has been a great partner with this as well. We've met with him to discuss this and working very closely with the Department of the Environment as well. Thanks.

MR. DARNALL: Ditto. I think the other departments in the administration have been extremely helpful in helping us look at this project and determine its viability. In addition to the fact that they have this history over in Europe, we have a lot of partners within the State that also need to take credit for the fact that this project is going forward. So we want to thank the Department of the Environment, the Department of MES, and others for their support.

GOVERNOR HOGAN: Thank you all very much.

MR. KITTLEMAN: Thank you.

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

TREASURER KOPP: I have a brief one on the other one I mentioned, the Housing, seven and eight. I think it's seven and eight.

GOVERNOR HOGAN: Housing?

TREASURER KOPP: Yes. And I think you answered us in writing, and if so I apologize for duplicating it. But these are great projects and they are going to include as I understand sustainable and energy efficient both refrigerators and other appliances inside, and then also to the outside envelope of these buildings. A question arose about solar energy and the response as I understand it was, well this is really something for the developers and it may not be cost effective. And then the question was, well what can we do to help make it cost effective? And that's my only question. I mean, I'm not in any way critical

of what you're doing. I think it's a great project. I appreciate the opportunity to support it. But to take that next step?

MR. MANEVAL: Good morning. John Maneval, CDA Deputy Director at Maryland Department of Housing. Thank you for the question, Treasurer Kopp, Mr. Governor, Mr. Comptroller. Seven and eight are two housing items. The first is in Montgomery County [*sic*], Parkview Manor. We have with us today Stephanie Roodman, who is Director of Development for Montgomery Housing Partnership, the developer. Item 8 is Freetown Village in Anne Arundel County. We have with us Executive Director Cliff Martin from the Housing Authority.

Both of these properties follow a longstanding tradition of the department of investing in affordable rental housing. For about ten or 12 years now we've taken a very active approach towards energy efficiency measures and some of the items we provided you with were the kind of standard energy efficiency improvements we make. In the areas of renewable energy, such as solar energy and geothermal, we have invested in those in the past in our rental portfolio. And it's really based on sort of an economic analysis as to whether it makes sense in an individual circumstance. Often as well it's possible to retrofit the properties after we finance them with solar, especially, because of some innovations in the solar industry. In both of these cases --

TREASURER KOPP: Is that less expensive than doing --

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MR. MANEVAL: It can be more efficient to do it after we do our transaction because of the power purchase agreements that owners can enter into to facilitate the installation of solar. I'm getting a little bit out of my area of expertise so beyond the responses we gave you and I'm providing you today, I'll be happy to do some more comprehensive follow up for you about, you know, how those leases work and properties that have been installed --

TREASURER KOPP: Yeah. The only thing is it has sort of left hanging a question of whether there was anything the State with its present programs could do to make it more --

MR. MANEVAL: Right.

TREASURER KOPP: -- the up-front cost --

MR. MANEVAL: Yeah. And we do --

TREASURER KOPP: -- more reasonable?

MR. MANEVAL: -- and there's a lot of innovation going on within the department's energy efficiency team, as well. There is a lot of overlap between the work that they do using funding that comes from the Public Service Commission through the Empower program, as well as some funding they receive from the Department of Energy. And so we've been able to do some innovative things over the years in renewable energy. But I do want to be clear that, you know, the lion's share of the work that we do to save energy on our properties is in what we kind of consider the lower hanging fruit.

TREASURER KOPP: Mm-hmm.

MR. MANEVAL: Insulation, duct sealing, appliances.

TREASURER KOPP: Well it's all very important.

MR. MANEVAL: These are, you know, they are not particularly exciting things but they have a really good bang for your buck and we have developed some really interesting processes over the years to affect those. And as County Executive Kittleman calls it a win-win-win, we call it a triple bottom line kind of approach. The tenants benefit from lower energy utility bills. The properties benefit because they are more efficient and better retrofitted. And the environment benefits by not using so much energy.

TREASURER KOPP: So let me ask you this. Do you actually have a check-off list as you look at a project --

MR. MANEVAL: Yes, we do. Our staff does an analysis but we also rely on third party energy audits that are done by professionals in the industry who go out, look at the property, look at the expenses of operation, and figure out what the best set of retrofits are. And then we'll look at those from a cost benefit analysis to figure out which are the ones that have the greatest return on investment over the shortest period of time. And that whole arena of energy analysis, energy audits, has really taken a lot of movement forward over the last ten or 12 years.

TREASURER KOPP: Thank you. Thank you.

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MR. MANEVAL: All right. Thank you.

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

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing on the Secretary's Agenda. We're going to move on to the DNR Real Property Agenda.

MR. BELTON: Thank you, Governor.

GOVERNOR HOGAN: Good morning.

MR. BELTON: Good morning, sir, Mr. Comptroller, Madam Treasurer. For the record, my name is Mark Belton, the Secretary of the Maryland Department of Natural Resources and we have eight items on our Real Property Agenda for your approval this morning.

GOVERNOR HOGAN: Questions on DNR?

COMPTROLLER FRANCHOT: Yes. I just wanted to compliment Secretary Belton and Emily Wilson also on these Open Space projects because they are pretty boring, park benches here, and this, that, and the other thing. But they are super important.

GOVERNOR HOGAN: This is Emily's life you're talking about.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

GOVERNOR HOGAN: It's very important and exciting.

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COMPTROLLER FRANCHOT: Nothing controversial, let me put it that way. But it's, you are serving the best interests of our citizens when the Open Space dollars are allocated properly. God bless all of my friends who are bird watchers, but we need parks. We need fields. We need areas that seniors can use. And please keep that focus. And I know you have it. But if you want to mention a few of these outstanding projects, very exciting projects, feel free. But Mr. Secretary, thank you for running a good ship over there.

MR. BELTON: Well, thank you, sir. And if I could mention, just make a point there, piling onto your goodwill, you know, the Governor's budget in Fiscal Year '19 provides \$58 million for these local projects through Program Open Space Local. Which for counties like number two on our Agenda today, Caroline County, the more rural counties that don't have as big of budgets as some of the larger ones, it makes a tremendous difference. It lets them have their citizens an equal playing field, if you will, for the standards for their recreation amenities. It improves their quality of life significantly.

Just looking at Caroline County's, you know, track history here, they've got an average over the years of about \$135,000 annually through Program Open Space Local, and the Fiscal Year '19 budget has them at \$275,000. So it's really making a huge difference to them, and across the State, but particularly in our rural areas. Thanks for bringing it up.

COMPTROLLER FRANCHOT: Thank you, Governor.

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GOVERNOR HOGAN: Thank you. Any other questions on DNR? Motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Three-nothing on DNR. We're going to move on to the Department of Budget and Management.

MR. BRINKLEY: Good morning.

GOVERNOR HOGAN: Secretary Brinkley?

MR. BRINKLEY: Governor, Mr. Comptroller, Madam Treasurer, for the record, David Brinkley, Secretary of the Department of Budget and Management. We've submitted ten items for your consideration today. I am withdrawing Items 3-S and 4-S. Items 9 and 10 are supplemental. And Items 8 and 10 have been revised. And I have people here to address any concerns or questions that you might have.

GOVERNOR HOGAN: Any questions on Budget? Second?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Done. University System, good morning.

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

GOVERNOR HOGAN: I don't have any questions, Joe. But I wanted to mention the passing of Robert Martinazzi. I want to extend our

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thoughts and prayers to his family and to his University family. I know he was a great contributor and Director of Procurement and Strategic Sourcing at the University and played a major role in prepping for these meetings.

MR. EVANS: For these meetings and answering questions. He will be missed.

GOVERNOR HOGAN: So please pass on our condolences. Any questions on the University System?

COMPTROLLER FRANCHOT: Yeah. Item 4?

GOVERNOR HOGAN: Item 4?

COMPTROLLER FRANCHOT: Mm-hmm.

MR. EVANS: Okay.

GOVERNOR HOGAN: Do you want to tell us about Item 4, Joe?
Or Sheila?

SECRETARY MCDONALD: Oh. This is the Universities at Shady Grove, Item 4 --

MR. EVANS: It's a Shady Grove item.

SECRETARY MCDONALD: It's the award of the construction bid package four at the Universities at Shady Grove.

MR. EVANS: Right.

SECRETARY MCDONALD: Is somebody here from College Park --

MR. EVANS: This is from College Park. Bill Olen?

SECRETARY MCDONALD: And unfortunately that, I mean but we do have Bill, but Mr. Bob Martinazzi was from College Park and he -- anyway, Mr. Olen is here from College Park. There's a question on your Universities at Shady Grove bid package.

TREASURER KOPP: And the President of the campus is here --

MR. OLEN: Good morning, everyone, Governor, Board members. Bill Olen, Executive Director of Planning and Construction, College Park Service Center, here to answer any of your questions.

COMPTROLLER FRANCHOT: Okay. So the question is, this is \$148,800,000 project? Am I looking at the right one?

MR. OLEN: I've got to get my stuff out. I just ran in the room. But I think you are correct. I will believe your number, sir.

SECRETARY MCDONALD: Well it says the contract will be \$148.8 million. The project is \$163.5 million.

MR. OLEN: Correct.

SECRETARY MCDONALD: That's what the item says.

MR. OLEN: So beyond the construction contract is design fees, contingency, capital equipment.

COMPTROLLER FRANCHOT: Okay. I'm more interested in the amount paid to Gilbane for construction management.

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MR. OLEN: Sure. The numbers I have, the total contract we have to date to Gilbane is a little over \$8.9 million --

COMPTROLLER FRANCHOT: Okay.

MR. OLEN: -- and that's split between pre-construction effort they do before we start construction. They are on site general conditions, which are trailers, trash, labor, and then their home offices, including insurance and their profit.

COMPTROLLER FRANCHOT: So that's \$9 million and they don't do any construction.

MR. OLEN: They manage the subcontractors. They do the advertisement. They are not, they may have a few employees on site that are responsible for safety on the site with the subcontractors but they are not what I would say to answer your question installing materials or equipment.

COMPTROLLER FRANCHOT: Okay. So if you could just get back to us when you have a minute, I know you're in transition down there, but I'd like to know exactly what they did for the \$9 million. I know you just recited some of them.

MR. OLEN: Mm-hmm.

COMPTROLLER FRANCHOT: But I'd like it specified and if there's some receipts or some invoices or something that --

MR. OLEN: We can show you the, we can send you along the RFP that we put out for competitively for our CM services that explicit what they are required to do during pre-construction and during construction.

COMPTROLLER FRANCHOT: Yeah. But you are giving them \$8.961 million. All I want to do is, all I'd like to see are the invoices.

MR. OLEN: Just the invoices?

COMPTROLLER FRANCHOT: Well whatever it is that you're paying --

MR. OLEN: We can prepare a package for you of what was in their scope, what we asked them to do --

COMPTROLLER FRANCHOT: Thank you.

MR. OLEN: -- what services they are providing.

COMPTROLLER FRANCHOT: Yeah. I'm less interested in the RFP and I'm more interested in what exactly they are getting paid for. I know it's six percent or so of --

MR. OLEN: It's about six percent. Correct.

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: -- in the RFP.

COMPTROLLER FRANCHOT: I'd like six percent sometimes of these contracts. So perhaps you could indicate specifically what it is they are charging you for. Thank you.

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MR. OLEN: Yes, sir. I can do that.

GOVERNOR HOGAN: Any other questions on the University System?

TREASURER KOPP: Only to say I'm glad to see this project moving along. I was a bit concerned when it was taken off the Agenda last time. I'm glad to see the President of the campus here. I have no question, except when I'll see a ribbon cutting and when we can get students in the program and courses starting up which I hope will still be 2019. Is that right? Thanks.

GOVERNOR HOGAN: Thank you.

MR. OLEN: You're welcome.

GOVERNOR HOGAN: Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. Secretary Leahy, Information Technology.

MR. LEAHY: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Michael Leahy, Acting Secretary of the Department of Information Technology. Today we have three items on the Agenda, but we are withdrawing Item 2-IT-MOD. And there are agency representatives here to answer any of your questions.

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GOVERNOR HOGAN: Questions on IT?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. The Department of Transportation. Secretary Rahn?

MR. RAHN: Good morning, Governor.

GOVERNOR HOGAN: Good morning.

MR. RAHN: I do like the look.

GOVERNOR HOGAN: Thank you.

(Laughter.)

MR. RAHN: Mr. Comptroller, Madam Treasurer, for the record, my name is Pete Rahn. I am the Secretary of the Maryland Department of Transportation and MDOT has 10 items today. And we are here to answer any questions. I would like to add one thing, which is for the Comptroller I filed my taxes on Saturday midnight, and I got my refund last night.

GOVERNOR HOGAN: Wow. That sounds like preferential treatment.

(Laughter.)

COMPTROLLER FRANCHOT: Actually that was a little longer than we take with other --

(Laughter.)

MR. RAHN: Special scrutiny, huh?

GOVERNOR HOGAN: I think we need to look into that one. Any questions on --

TREASURER KOPP: Governor, yeah, can you just talk about No. 11 a bit?

MR. RAHN: I certainly can. We're excited about this as well. Laura Rogers, here, has spearheaded this effort and just doggedly pursued an approach, doggedly pursued an approach to bring more solar energy into the department. And so what we have here is an economic efficiency for the department as we will gain electricity for our own use. And then we are making electricity available to the grid through making properties available to one of six approved firms here. And they, we are making available to them sound walls, where they can place south facing sound walls, their equipment, or their panels, and obviously we're talking about, you know, a benefit to the overall economy. It's good for the communities. The electricity that we don't use will go into the grid and it will go into the grid only if it's a lower cost than what is currently being charged there. So we see this as a great step for us and it continues I believe to put Maryland out in the forefront of ecological improvements by State government.

TREASURER KOPP: As I understand it, this is what I was looking for, you're starting off with 35 sites? Is that right?

GOVERNOR HOGAN: We can have Laura come and address that.

MR. RAHN: Laura, why don't you -- but the answer I do believe is correct. It's 35.

TREASURER KOPP: Around the State?

MR. RAHN: Yes, around the State.

GOVERNOR HOGAN: I want to bring in the expert. The Secretary doesn't know everything about everything.

MR. RAHN: I have now exhausted my knowledge of this project.

(Laughter.)

TREASURER KOPP: But it was very good.

GOVERNOR HOGAN: Good morning.

MS. ROGERS: Good morning. I'm Laura Rogers. I'm the Program Manager spearheading this project. And yes, so the initial phase one, there are 35 sites. Most of those sites are located at MTA, MVA, and SHA, and we also included the headquarters site. So these sites are really just kind of the easiest. So don't require a lot of evaluation. They are ready to go.

TREASURER KOPP: And then how long will it be before things are up at 35 sites in the dispersed --

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MS. ROGERS: So through the design and, you know, the secondary competition, which is how we've set up this contract, we expect maybe 18 months or so to actually get them in the ground and operating. The interconnection agreement is always a little bit iffy, working with the utilities and how we get on their list of priority. But it's about 18 months or so.

TREASURER KOPP: So we should look forward to the Governor cutting 35 ribbons in --

GOVERNOR HOGAN: Sounds good to me, in 18 months.

TREASURER KOPP: And then stage two will be what?

GOVERNOR HOGAN: That sounds like an endorsement to me.

(Laughter.)

TREASURER KOPP: Just saying. A Governor.

GOVERNOR HOGAN: A Governor will cut the ribbon, she says.

TREASURER KOPP: And the second stage?

MS. ROGERS: So stage two, those are sites that we're currently looking at but are a little bit more complicated for various reasons. So you know, potentially the airport, the Port Authority, or Port Administration, sorry. Some transit oriented development sites that we have, you know, they just take a little bit cooperation with other agencies, the federal government, things like that. The noise barriers is an innovative use. They have them in Europe but none in the U.S. so far. So we're looking at that. But again, we have to do some studies,

maybe a pilot, making sure that we don't diminish the use of the noise barriers, what it was intended for, that kind of thing.

TREASURER KOPP: There was a time a number of years ago when both the Comptroller and I in different roles seemed to spend a great deal of time focusing on noise barriers around the Beltway because that's where our districts were. People were quite concerned. The Comptroller's Senator was particularly, if you recall --

COMPTROLLER FRANCHOT: Yes.

(Laughter.)

TREASURER KOPP: But --

COMPTROLLER FRANCHOT: I served for 16 years with the Senator and she finally mentioned me in public.

(Laughter.)

COMPTROLLER FRANCHOT: Which I thought was a record. I don't begrudge it because I didn't need the visibility. But it just shows how sometimes we focus our --

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: -- interests -- thank you for mentioning it, bringing it up.

TREASURER KOPP: But you did all get the noise barriers.

GOVERNOR HOGAN: I notice neither one of them mentioned the Senator's name.

(Laughter.)

MR. RAHN: But we will, Madam Treasurer, I mean, I'm excited about the use of sound walls for more than just --

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: It's a good idea.

MR. RAHN: -- than just sound barriers. And I'm excited about using these in a way that they've not been used in the United States. So that's an area --

GOVERNOR HOGAN: We like being on the cutting edge so let's keep focused --

TREASURER KOPP: Yeah. And my other question was, so you're going around looking at all of these sites. Obviously your sites are sites associated with you all. But we have a lot of other sites in the State owned by the taxpayers, DGS sites and others. Are there lessons learned from what you are doing that can then be applied to other parts of our, other parts of our portfolio, as it were?

MS. ROGERS: I mean, I think absolutely. And even just between states, we've taken lessons learned from other states as well. So --

MR. RAHN: But we hate to share the secret sauce and, you know.

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GOVERNOR HOGAN: I think Secretary Churchill would love to -

-

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: -- hear all the great ideas you have about solar.

MR. CHURCHILL: Give me the sauce.

(Laughter.)

GOVERNOR HOGAN: We're going to put them on every building and every piece of property we own. So thank you very much, Laura.

TREASURER KOPP: Thanks.

GOVERNOR HOGAN: Thank you. Any other questions on Transportation Agenda?

COMPTROLLER FRANCHOT: Yes. Item 6?

GOVERNOR HOGAN: Item 6.

COMPTROLLER FRANCHOT: So Mr. Secretary, thank you. This is an amount for acquisition of real property for the Purple Line project and I have a question about the total acreage that will be permanently acquired by the department with this \$5.3 million item. I think, are you, some people said it was 7.5 acres. Other people said it was a half-acre. And it's confusing from the briefing material.

GOVERNOR HOGAN: Good morning.

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MS. FREEDMAN-BRECKON: Good morning, Governor, Treasurer, Comptroller. I think there was an error on the original submission which listed the entire size of the property, which is 7.55 acres. The State is acquiring --

SECRETARY MCDONALD: Excuse me. Could you introduce yourself for the record?

MS. FREEDMAN-BRECKON: I'm sorry. Judy Freedman-Breckon. I'm managing the real property acquisitions for the Purple Line project.

SECRETARY MCDONALD: Thank you.

MS. FREEDMAN-BRECKON: The Purple Line is acquiring 25,115 square feet in fee simple and 22,394 square feet in temporary construction easement, which causes the acquisition of two apartment buildings plus two partial apartment buildings.

COMPTROLLER FRANCHOT: Okay. And what was the appraised value of the property you are acquiring?

MS. FREEDMAN-BRECKON: Our appraised value and our offer of just compensation was \$3,639,300.

COMPTROLLER FRANCHOT: And what are we being asked to approve today?

MS. FREEDMAN-BRECKON: Today the negotiated settlement which has been approved by the Federal Transit Administration is \$5,292,764.

COMPTROLLER FRANCHOT: Okay. Do you have the ability to quick take properties similar to what SHA has?

MS. FREEDMAN-BRECKON: No.

COMPTROLLER FRANCHOT: Why not?

MS. FREEDMAN-BRECKON: We follow different laws and State Highway, under Section 8 of the Transportation Code gives them quick take. MTA does not.

COMPTROLLER FRANCHOT: Okay. If I could just ask the Secretary to consider, it's a friendly suggestion here, asking the Legislature, which is in session downstairs, to give your agency the SHA quick take authority. Because this is not the first contract I've seen where I feel as if the State is being leveraged. In our enthusiasm and support for the Purple Line we're getting put over a barrel by some of these landowners. And we're having to pay a lot more than the appraised values. So if you could perhaps suggest that additional statutory authority would save millions of taxpayer dollars and correct something that I think is not a level playing field right now, I would be appreciative. This is a big chunk we're putting on the taxpayers' credit card.

MR. RAHN: Mr. Comptroller, I think your assessment is pretty much spot on in that properties that are on our critical path, before we come before BPW with this sort of a difference between what we've, what the appraisal is and what we've negotiated, is that when it's on the critical path, we look at

what the cost of delay to the State will be for not being able to provide that property to the concessionaire for the continuation of construction. We would not bring this number to you if we are not in this route saving more than what it would cost to delay the project or this part of the project. But your comment about MTA not having quick take is absolutely valid.

COMPTROLLER FRANCHOT: Great. Well if you could just suggest it to the leadership, and the Governor supports it or the Treasurer supports it. Because this is just --

TREASURER KOPP: I --

COMPTROLLER FRANCHOT: -- this is going to get worse --

(Laughter.)

TREASURER KOPP: I've never been a big quick take aficionado.

COMPTROLLER FRANCHOT: Yeah, but this is going to be, get worse and worse as the private sector catches on. So we need to level the playing field a little bit and I think it's worthy of at least consideration.

GOVERNOR HOGAN: It's certainly a good suggestion and we can talk more further about it.

COMPTROLLER FRANCHOT: Thank you.

MS. FREEDMAN-BRECKON: Thank you.

GOVERNOR HOGAN: Thank you. Any other questions on Transportation? Is there a motion?

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COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing on Transportation. Last but certainly not least, Secretary Churchill, Department of General Services.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Department of General Services. The department has eight items on our Agenda, including one supplemental. And we're happy to take questions that you may have at this time.

GOVERNOR HOGAN: Questions on DGS?

COMPTROLLER FRANCHOT: On Item 6, if I could, I just want to thank the Secretary for working with my agency to enter into a ten-year lease with Annapolis West Limited Partnership to house our new Annapolis taxpayer service center at 60 West Street. Currently right now we have literally thousands of Marylanders walking into the Treasury Building seeking help with their taxes or there for appointments with staff people. It creates a bit of a security issue since so much of our work is bound by IRS confidentiality rules that we have set up a taxpayer services center where our citizens can easily access the taxpayer services that they need without getting into areas where there is sensitive data. And this off campus location is going to be a big improvement for my agency. I

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wanted to thank the Secretary for working so closely with us. And we're very appreciative. So Governor and Treasurer, I respectfully ask I guess that this item be approved. I didn't flag it for anybody.

GOVERNOR HOGAN: Hold up.

COMPTROLLER FRANCHOT: It's a good issue.

GOVERNOR HOGAN: The Comptroller is getting new office space?

(Laughter.)

GOVERNOR HOGAN: We have to put a stop to this.

MR. CHURCHILL: Well thank you, Mr. Comptroller. The office has enjoyed our working relationship with your office over these many months for this and other projects in the system. So.

GOVERNOR HOGAN: Thank you. Any other questions? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Thank you very much. That concludes the Board of Public Works.

(Whereupon, at 11:01 a.m., the meeting was concluded.)