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BOARD OF PUBLIC WORKS

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PRESENT

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HONORABLE BOYD K. RUTHERFORD
Lieutenant Governor

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HONORABLE PETER FRANCHOT
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PROCEEDINGS

GOVERNOR HOGAN: Good morning, everybody.

ALL: Good morning.

GOVERNOR HOGAN: It looks like a full house.

TREASURER KOPP: There must be something happening.

GOVERNOR HOGAN: I don't know what's going on here today. But good morning, and welcome to the Board of Public Works. It's great to be back with all of you once again. I want to extend to my colleagues, Treasurer Kopp and Comptroller Franchot, to the Board of Public Works staff, and to all of you here today best wishes for a Merry Christmas and a wonderful holiday season for you and your families. I know Hanukkah is already over but I'll say Happy Hanukkah to those --

TREASURER KOPP: It was a good one.

GOVERNOR HOGAN: It was a good one. And with that, I'll turn it over to my colleagues for any opening remarks. We'll start with Madam Treasurer.

TREASURER KOPP: Governor, thank you and the best of the season to everybody here. I just want to say that at times the Governor and I disagree on things.

GOVERNOR HOGAN: Not very often.

TREASURER KOPP: That's -- but I did want to call you out, Governor, for the op ed page column written with the Governor of Virginia, and for the joining of the Northeast and Mid-Atlantic states in the Transportation Climate Change Initiative. We do have, there are some very difficult problems around climate change, adaptation, and mitigation, and it's something that unfortunately they don't understand in Washington. And therefore, as you've said, we have to take on at the State level, and we have taken on in Maryland, and are proud of the Maryland leadership.

I would only say in the season of bipartisan truths that we recognize that particularly in Maryland there actually is a great tradition of Republican leadership in the environment climate, going back to Teddy Roosevelt and Gifford Pinchot, but also with Mac Mathias, Gil Gude, and some other proud Republican leaders of the State of Maryland. Maybe because we're right on the Chesapeake Bay or maybe because we just understand that we are guardians of this earth and it is being challenged very significantly.

So I just think that the Transportation and Climate Change Initiative has bitten off a very tough issue and is chewing on it. And I believe will lead -- transportation is the major cause, the Climate Change Commission, Maryland's Climate Change Commission has recognized that, the major problem. We are looking at a number of ways of addressing it. I have a little question about one of the ways we're addressing it later. But whether it's with

autonomous vehicles, the move to electricity, the modernization of the fleet, or the building in resilience to our total capital plan, Maryland is a leader. The Legislature and the Governor are together on this and the people are together. And I just want to thank you for coming out and taking a tough stand.

GOVERNOR HOGAN: Well thank you very much. I appreciate those kind remarks. I'm very proud of the work that we've done together on clean air and on clean water. And over the past four years we've made great strides together. We have tougher clean air standards than 48 other states and nearly twice as strong as the Paris Accord recommendations. So not everybody knows that but it's a record I'm very proud of.

TREASURER KOPP: And sending Secretary Grumbles to Poland to speak up --

GOVERNOR HOGAN: Secretary Grumbles is always looking for a trip.

(Laughter.)

GOVERNOR HOGAN: But no, he did a wonderful job representing us. And he has done an incredible job as our Secretary of the Environment. I'm also proud that the Chesapeake Bay is the cleanest it has ever been since recorded history. And we're making great strides there as well. So thank you very much.

TREASURER KOPP: Thank you. Good Christmas present.

GOVERNOR HOGAN: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor and Madam Treasurer. I know we have a relatively large Agenda today so I'll be brief. And I just want to take this opportunity to thank you and Treasurer Kopp for the year 2018, where we have worked together. I think it's been very productive. I'm very proud of the important work that this Board of Public Works does. It's a wonderful, unique panel in the country. And I think it provides our citizens with something that they are very important, that they consider to be a top priority.

We have been fiscal watchdogs for the Maryland taxpayers but most importantly, following up on what the Treasurer just said, we've acted together, the three of us, in adult fashion, mature fashion, putting aside the partisanship that is so visible in politics these days. And do we agree all the time? No. We have different constituencies. I'm independently elected. The Governor is independently elected. The Treasurer is elected by the Legislature. We don't agree. But when we don't agree, we try to skip the non-productive friction and partisanship that is so prevalent. So I just want to thank both of my colleagues and tell them that I'm looking forward to the next four years as we continue our work to reform the State's procurement process, etcetera. But I keep saying I'm looking forward to four more years, and Governor Hogan says he's looking forward to four more beers.

(Laughter.)

COMPTROLLER FRANCHOT: And that's okay. We're all in this together.

TREASURER KOPP: Maryland craft beers.

GOVERNOR HOGAN: Maryland craft beers.

COMPTROLLER FRANCHOT: Maryland craft beers.

(Laughter.)

COMPTROLLER FRANCHOT: And then if I could just echo the Governor's holiday greetings and my personal best wishes to each of you and also the citizens of the State. It's a great time of the year to remember how blessed we are. Thank you.

GOVERNOR HOGAN: Thank you very much. Secretary McDonald, let's get started with the first Agenda.

SECRETARY MCDONALD: Good morning, Governor. Merry Christmas, Madam Treasurer and Mr. Comptroller. We have 23 items on the Secretary's Agenda. We had four reports of emergency procurements. We are withdrawing the report A-2, which will come back when the Director of Elections is available to answer your questions.

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

COMPTROLLER FRANCHOT: Is this Item 12, please.

SECRETARY MCDONALD: Yes. Item 12 is the Historic St. Mary's City Commission. Is Mr. Hunter here? Historic St. Mary's? This is the Maryland -- they are in the hallway. Should we get --

GOVERNOR HOGAN: Better round them up.

COMPTROLLER FRANCHOT: Yeah. Well while we're finding them, this is --

SECRETARY MCDONALD: Why don't you talk about it? Yeah.

COMPTROLLER FRANCHOT: -- a request from the Historic St. Mary's Commission to award a $5 million contract to the Chesapeake Bay Maritime Museum over on the Shore to construct a reproduction of the *Maryland Dove*, the 17th century trading ship that brought the first settlers to Maryland shores. This is truly an exciting project that will attract visitors from across the State and the nation to Maryland's birthplace, historic St. Mary's City, and certainly the Chesapeake Bay Maritime Museum, which is a true jewel of Talbot County, and I believe they are in Easton. They have actually the expertise and skills to meticulously construct this wonderful replica. It's no secret that I'm not a fan of single bid contracts and this is a single bid contract. But if I were ever to vote for a single bid contract, it would be this one, given the tremendous potential benefits to the economies of Talbot and St. Mary's Counties and the enrichment of our State's culture and history. And --

SECRETARY MCDONALD: Why don't you come up to the podium, come up and introduce yourself.

COMPTROLLER FRANCHOT: Yeah, I see the Maritime Museum and others are here. Terrific.

GOVERNOR HOGAN: He was just saying nice things about you while we were --

(Laughter.)

GOVERNOR HOGAN: -- he was stalling for time so you could --

TREASURER KOPP: Could I, could I also say, and then you could, that we just heard from Mr. Freedlander, the former Deputy Treasurer, who was going to be here and cannot because of health reasons, but who appreciates very much your support for this project, and for the museum, which I had the opportunity to visit two weeks ago. Great, great, great time. You should go down. It's a wonderful place.

COMPTROLLER FRANCHOT: Well Governor, hats off. Five million dollars, it's not a small amount of money. Single bid contract, God bless you, go for it. And, you know, it will be a very positive thing once it's done. But did you want to say a word from the Maritime Museum, or from the --

GOVERNOR HOGAN: Maybe just a quick, you know, synopsis of the project and about how you're going to recreate the *Dove*.

MS. FADEN: Well my name is Regina Faden. I'm the Executive Director of the Historic St. Mary's City Commission and so our mission is to preserve, interpret, and educate people about the first capital of Maryland where we had the first separation of church and state in the English speaking world. And so that's what we do. But one of the ways we educate people, we have about 500,000 students who have come through in our educational programs, about 25,000 a year from Maryland, and they go aboard the *Dove*. And they learn about immigration and the tobacco trade and the beginning of Maryland. And so that's one of our most popular exhibits and we're very grateful to be able to replace a ship that is now over 40 years old. So and we hope this one will last another 50 to 60 years. And we're very pleased to have a partner in Chesapeake Bay Maritime Museum to keep this Maryland ship.

MS. GREENAWAY: And we're absolutely honored to be --

SECRETARY MCDONALD: Please introduce yourself for the record.

MS. GREENAWAY: Oh am I -- oh, geez, thank you. Kristen Greenaway. I'm the President of the Chesapeake Bay Maritime Museum. Very, very honored to be able to compete publicly on this proposal and to win the contract, be awarded the contract by St. Mary's and the State. Our mission of course is to preserve the cultural heritage and fiscal heritage as well of the Chesapeake Bay. And ship restoration, ship building, is one very important

feature of that. And this will make the Museum very proud and the entire community of the Eastern Shore particularly very proud to be able to achieve this wonderful project.

GOVERNOR HOGAN: Well thank you both. Thank you all very much.

COMPTROLLER FRANCHOT: Who are the gentlemen behind you, please?

MR. HOPKINS: My name is Francis Hopkins and I'm a Board member of the Museum.

COMPTROLLER FRANCHOT: Is Mr. Freedlander a member of your Board also?

MR. HOPKINS: Yes, he is.

COMPTROLLER FRANCHOT: Give him my regards.

GOVERNOR HOGAN: Give him our best.

COMPTROLLER FRANCHOT: Yeah.

MR. HOPKINS: Thank you.

COMPTROLLER FRANCHOT: I wish him well. Thank you.

GOVERNOR HOGAN: Thank you. Thank you all.

MS. FADEN: I just wanted to introduce Joe Kangas.

MR. KANGAS: I'm Director of Facilities and Grounds for Historic St. Mary's City. Thank you.

COMPTROLLER FRANCHOT: Excellent.

GOVERNOR HOGAN: Thank you all for your great work.

MS. GREENAWAY: Thank you.

MS. FADEN: Merry Christmas.

GOVERNOR HOGAN: I don't want to really bring up the fact that the Comptroller has a conflict on this issue. I mean, but maybe he could tell us what was it like coming over on the *Dove*?

(Laughter.)

COMPTROLLER FRANCHOT: That's a good way to start off the Agenda.

GOVERNOR HOGAN: Sorry.

COMPTROLLER FRANCHOT: I actually have --

GOVERNOR HOGAN: I just couldn't let that one go. I'm sorry. I was just, I couldn't.

(Laughter.)

GOVERNOR HOGAN: I couldn't miss it. Are there any other questions on the Secretary's Agenda? Or is there a motion?

TREASURER KOPP: I do have a question on Item 11, the Morgan State University medical contract. Is there anyone here --

SECRETARY MCDONALD: Sidney Evans is here, the Vice President --

GOVERNOR HOGAN: Morgan State.

SECRETARY MCDONALD: -- of Administration and Finance. It might take him an extra --

GOVERNOR HOGAN: Morgan --

SECRETARY MCDONALD: -- 30 seconds to navigate his way up here. But he's coming.

TREASURER KOPP: Oh goodness.

GOVERNOR HOGAN: We should have brought the mike to him, it looks like.

TREASURER KOPP: My only question honestly is that representing the Treasurer's Office and the Insurance Division of the State, you know we had an issue about four years ago with medical treatment of an athlete, not unlike what happened at the University --

MR. SIDNEY EVANS: Yes.

TREASURER KOPP: I just want to make sure that you all are comfortable that this is the way to go, this contract with MedStar. I understand that it was only a single bid. But I believe MedStar also provided the care then, didn't they?

MR. SIDNEY EVANS: Yes, they did. And Season's Greetings to everyone.

TREASURER KOPP: -- Merry Christmas to you.

MR. SIDNEY EVANS: Governor Hogan, Madam Treasurer, Mr. Comptroller, and Secretary McDonald, I bring regards from Dr. Wilson, who is currently in China leading a delegation of ten college presidents so he couldn't be here today. She he sent his crippled CFO.

(Laughter.)

MR. SIDNEY EVANS: But to answer your question, Madam Treasurer, yes, we are aware of that. But we feel very confident this is the way to go. The health and well-being of our student athletes is extremely important and we think based on the advice from our Athletic Director, who unfortunately couldn't be here today. He's having surgery. But we have the Assistant Athletic Director here if you have any questions. But we are confident --

TREASURER KOPP: I just want to know that you all have worked out whatever problems there were that led to that unfortunate incident and that you are very comfortable with this new contract. I mean, I just would like to hear it from you guys.

MR. SIDNEY EVANS: Yes, I think we have worked out all those issues and we are very comfortable in going forward. And this is our Associate Athletic Director, Erlease Wagner, Esquire.

MS. WAGNER: Good morning. With respect to the issue from four years ago, following that incident all the practices within the sports medicine unit were reviewed by an external entity. And based on their recommendations,

we've adopted the best practices in the industry to address the heat exhaustion. When the issue was raised again this past year because of an unfortunate incident at another institution --

TREASURER KOPP: Right.

MS. WAGNER: -- we were again asked to revisit what our policies were and our policies are in line with the best practices in the industry --

TREASURER KOPP: Very good.

MS. WAGNER: -- regarding heat exhaustion.

TREASURER KOPP: And you all are on top of that and making sure. I mean, MedStar is a great institution. I don't mean that it isn't. But --

MS. WAGNER: Yes, we are on top of that.

TREASURER KOPP: Great. Thank you.

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

MR. SIDNEY EVANS: Thank you.

COMPTROLLER FRANCHOT: Yes. Items 9 and 10.

SECRETARY MCDONALD: The Stadium Authority. I know Mr. McGuigan is here. This is the Cross County Elementary School, the AE services and the construction management.

COMPTROLLER FRANCHOT: Thank you and thanks to the Stadium Authority for what you do. I would simply urge you to, I know you're

using the construction management at risk contracts, if you could review that and make sure that the taxpayers are getting the best return on their investment. Because as you know, the design build or design bid is -- people like myself think that we're overpaying these construction management at risk contracts by a minimum of ten percent, maybe 15 percent. So if you could just keep that in mind as you move along. I don't have any problem with these items.

I did want to express my strong support and sincere appreciation, Governor, for the proposal by your administration to spend an additional $3.5 billion over the next five fiscal years for school construction. And particularly having to go through, as I understand, the Stadium Authority, which I think is a, you know, a real jewel of the State's bureaucracy and known for its accountability and transparency and paying attention to the fiscal situation in the State.

So Governor, as far as I'm concerned, providing safe, healthy, and modern learning conditions to Maryland students has been and continues to be a top priority for this Board of Public Works. It's my sincere hope that leaders from both sides of the aisle can come together and support this incredibly important initiative because all of our kids regardless of their zip code deserve to learn and thrive in classrooms that are conducive to their academic growth and success. Thank you again, Governor, for your commitment to public school students and thank you for using the Stadium Authority as a professional

construction vehicle that everybody on both sides of every issue has confidence in.

GOVERNOR HOGAN: Thank you, Mr. Comptroller. The example in Baltimore City with the 21st Century Schools Program has just been incredible. I was there when we actually opened five schools in one week, two in one day, and we have 28 new schools that are in one way or another under construction or in the process that we're going to open there. And it's the Stadium Authority getting them done on time and under budget, or on budget, and it's something that really was not happening before. And I take my hat off to you and your entire team. Thank you.

COMPTROLLER FRANCHOT: I'm still in favor of putting a billion dollars in the rainy day fund, though, additionally. Winter is coming on this wonderful economy that we have in the State. So let's prepare for that. But this is different. This would be differently funded and has a very, very important priority interest for the future of our kids. So thank you very much.

COMPTROLLER FRANCHOT: Thank you.

MR. MCGUIGAN: Thank you. Gary McGuigan with the Stadium Authority. I appreciate all those comments. I do have a position paper of CMR versus low bid, Mr. Comptroller --

COMPTROLLER FRANCHOT: Please, share it with me.

MR. MCGUIGAN: -- and I'd love to share that with you.

GOVERNOR HOGAN: Great. Thank you.

MR. MCGUIGAN: All right. Thank you.

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

COMPTROLLER FRANCHOT: Move approval.

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

MR. BELTON: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, I'm Mark Belton, the Secretary of the Maryland Department of Natural Resources. And we have 17 items on our Real Property Agenda for your approval this morning.

GOVERNOR HOGAN: Questions on the DNR Agenda? Motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing.

MR. BELTON: Thank you.

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

MR. NICOLE: Good morning, Mr. Governor, Madam Treasurer, Mr. Comptroller. Marc Nicole, Deputy Secretary of the Department of Budget and Management here. The department has submitted 29 items for today's Agenda. Items 22 and 29 have been revised. We have representatives here to answer any questions you may have.

GOVERNOR HOGAN: I see that we have several folks here signed up to speak on Item 29, so first we'll have Secretary Moyer and his team present the item, and then next we'll hear from Wexford, followed by Corizon, and then we'll have Secretary Moyer's team try to respond to any questions from either group. Good morning.

MR. MOYER: Good morning, Governor, Madam Treasurer, Mr. Comptroller. It's a pleasure to be here before you today. Here with me today is Laura Mullally, who is an Assistant Attorney General who is handling the Duvall lawsuit in federal court for our team. And also my Chief Counsel Stu Nathan is here.

I'm just going to give an overview of the history of where we are today with this medical contract as it relates specifically to the Duvall lawsuit. That man on that wall was the Vice President of the United States when this lawsuit started. It was in the early seventies. That man on that wall was Mayor of Baltimore when it started. This started out as *Duvall v. Mayor Schaefer and the City of Baltimore*. When Governor Schaefer took over the operation of the Baltimore City Jail, the lawsuit moved from the City to the State. My friend and mentor Bishop Robinson began to implement changes in the Baltimore City Jail.

Duvall has three legs on it. One leg is conditions of confinement and maintenance in buildings. Part two is medical services. Part three is mental health services. Governor Hogan was sworn in in January of 2015. I was sworn

in in February of 2015. In April of 2015 the ACLU met with me and asked me what am I going to do? I said I've been on the job for eight weeks. Why don't you give me a little bit of time to evaluate where we are with Duvall.

In June of 2015, two months later, they took us back into court and we ended up negotiating back and forth with them and reached an agreement with them in June of 2016. But what Governor Hogan did in July gave me 30 days to close the Baltimore City Jail. And we did. And since that time we have closed the Women's Detention Center, the JI Building, the Annex, the Wyatt Building. By doing that, for the first time since 1972 the State was in full compliance of the conditions of confinement and the maintenance issues in that Baltimore City facility, mainly because we closed anything that looked like Stonehenge down there.

Since that time we've continued. There's federal monitors that come in and report on all three of these parts of the Duvall settlement agreement. Part two is medical. Our medical, the medical monitors found a lot of issues with Wexford and we are still trying to be in compliance with the medical issues.

Part of the medical issues is also having a modern electronic medical records system, often referred to as an EMR. We have put that RFP on the street. We have received four bids and we're going to be moving forward with awarding that contract, hopefully early next year.

What I'm going to do now is I'm going to turn it over to Laura to go over the more specifics about the Duvall settlement agreement. But one thing that we did do is that we brought back former DBM Secretary Cecilia Januszkiewicz to put this RFP together to monitor this process and move us forward. We had four bids. Three bids were acceptable and the contract was awarded to Corizon. So I'm going to turn it over to Laura.

MS. MULLALLY: Good morning, Governor Hogan --

GOVERNOR HOGAN: Good morning.

MS. MULLALLY: -- Madam Treasurer, Mr. Comptroller. I'm Laura Mullally. I'm with the Attorney General's Office. I represent the Department of Public Safety and specifically I am assigned to the Duvall litigation. Governor Hogan, as you know you are one of the Duvall defendants, along with the Secretary and the Chief of the Division of Pre-Trial Detention and Services.

Duvall has been around for a long time. Many Duvall issues have been solved. One issue that historically cropped up very frequently was heat related injuries. People that were detained, they got sick because they took medications or they had medical conditions that made them sicker in a hot environment. Under the leadership of the Secretary and consistent with the Duvall agreement, those people have been, during the hot summer months they

are in an air-conditioned environment. And this past summer we had no heat related injuries or deaths from the detainees.

As Secretary Moyer alluded, Duvall is, it's a three-legged stool. And right now the department and the Defendants are substantially compliant for physical plant. The physical plant monitor returns to us in the spring to make sure that the defendants continue to be substantially compliant.

The department has been moving forward on compliance with mental health but the real sticking point has been medical treatment. And as the plaintiffs' counsel said to me, the class counsel, no one ever died from a dirty building. And maybe she's not correct about that but --

COMPTROLLER FRANCHOT: Could I just interrupt for one second?

MS. MULLALLY: Yes.

COMPTROLLER FRANCHOT: Is this pertinent to the contract we're voting on?

GOVERNOR HOGAN: Yes.

MS. MULLALLY: Yes.

COMPTROLLER FRANCHOT: Is the Duvall --

MS. MULLALLY: Yes.

COMPTROLLER FRANCHOT: Are we voting for this new contract because of the Duvall litigation?

MS. MULLALLY: One of the sticking points -- I can't, because I do litigation and I don't do contractual attorney work, Mr. Nathan behind me can talk about the contractual litigation. But Duvall is a sticking point with having a medical provider because the Defendants cannot comply with the settlement agreement unless they do so through the medical provider. The provider has employees that are credentialed, that are experienced, that take care of the patient detainees and that make medical records. And also they collect those statistics and process audits for the semi-annual reports. So I think the answer to that question is yes.

COMPTROLLER FRANCHOT: Okay.

MS. MULLALLY: And if you'd like, I can take off from there. Now this was a negotiated settlement. There was no admission of fault. However, the Defendants twice a year have to produce a report, a semi-annual report, showing -- if you will, it's a report card showing whether or not the Defendants are meeting the benchmarks of the settlement agreement. And first of all, you have to have constitutionally adequate patient care followed by a record of that care to the extent that statistics can be gathered and audits can be done to see whether or not the defendants are in substantial compliance in providing the care. Once there is substantial compliance on all ten paragraphs of the settlement agreement and the sub-paragraphs, the Defendants get out of the settlement. And that decision is made by the monitors.

But there has been, since 2016 medical care has never met a single benchmark for substantial compliance. And we are two and a half years into a four-year settlement period. And during that time, not only can the Defendants not show substantial compliance but the, if you will, the data that is pulled and analyzed is utterly unreliable. And our medical monitor has said, I cannot rely on this. Either you have data that shows that perhaps the defendants are in compliance 30, 50, 70 percent of the time, or you have data that says, well in May we were 90 percent compliant but in June we were 35 percent compliant. And our monitor has said that that data is unreliable too.

So the most important thing is patient care and that's how the Plaintiffs' counsel looks at this. She has access, she has discovery, every medical record, every death review, every autopsy. What we have, she has. And she comes at it through your inability to care for people who have died. And 17 people have died in the detention center, some of them, you know, one man had stage 4 pancreatic cancer when he was arrested. But there are other, there are preventable deaths. And she gives the records to the medical monitor, who audits them, and finds all of the errors in patient care.

So the Defendants are working very hard to create a system where detainees receive prompt and adequate, constitutionally adequate care, and it's consistent and it's, it happens with every detainee. At the same time, it's very easy for Plaintiffs to come behind and say, oh, well you missed this and you

missed this. However, the monitor has worked with the department's employees to create an improved patient care in areas where the medical provider isn't involved. For example, heat stratification that I referenced earlier, creating new and different areas for women to receive care. The department has hired a Chief of Health Strategies and Operations which works with the medical provider and the department in getting the State to be able to audit its own records and to produce consistent results.

GOVERNOR HOGAN: I don't want to interrupt you --

MS. MULLALLY: Yes.

GOVERNOR HOGAN: -- but I want to try to wrap it up.

MS. MULLALLY: Yes.

GOVERNOR HOGAN: Because I share the Comptroller's concerns that the basic gist of it is there's a terrible problem and you put out a new request for bid, and somebody else got a bid, right? Because we're way off into your case --

MS. MULLALLY: Yes.

GOVERNOR HOGAN: -- which may be very relevant, but it's not what we're here to decide today, right? So --

MR. MOYER: Thank you, Governor. And with that, I'm going to have my Chief Legal Counsel Stu Nathan make a comment.

MR. NATHAN: Good morning. I wanted to address the issues of the procurement history of this matter. Again, my name is Stuart Nathan. I'm Principal Counsel for the Department of Public Safety and Correctional Services.

This contract was originally solicited more than a year ago and it was recommended for award approximately a year ago. A series of protests were filed by the incumbent contractor Wexford and a determination was made that any award of the contract would await the results of the Board of Contract Appeals decision. The Board of Contract Appeals, again there were five protests, the Board of Contract Appeals has issued decisions in all the issues that were raised by Wexford. There was one separate issue that was decided by summary decision that involved a very narrow issue where the Board of Contract Appeals ruled that Corizon had not taken any exceptions to the RFP. So any assertion to the contrary that somehow that they had reserved their rights to walk away from the contract were totally unfounded.

The second case, which was a much larger case involving many issues, was decided by the Board of Contract Appeals on August 31 of this year. In that appeal the Board of Contract Appeals soundly rejected every one of Wexford's assertions. And I can go into greater detail about what those assertions were if the Board would like. But as the Secretary mentioned, the procurement officer in this case was a seasoned veteran, Cecilia Januszkiewicz, who had been Secretary of the Department of Budget and Management among other things. The

Board of Contract Appeals complimented her on a well-reasoned decision and said that the evaluation was properly conducted. It was thorough and well-reasoned. To claim that Public Safety never evaluated the merits of Wexford's proposal was patently false, and the term "patently false" I'm quoting directly from the Board of Contract Appeals.

They also said, the Board of Contract Appeals also said that Wexford was clearly aware of its poor performance because it stated so in its own protest when it acknowledged that its performance had not met standards and it had had to bring in a new management team. That's directly from what Wexford had said, not Public Safety's opinion. It's what Wexford said and what the Board of Contract Appeals agreed with.

They also commented, the Board of Contract Appeals, on Wexford's past performance in which they said, "Wexford wanted credit for the good things it had done in the past but it wanted the evaluators to ignore their poor performance." The Board of Contract Appeals said you can't have it both ways. If you want your prior performance to be considered, both the good things and the bad things are going to be considered.

At the end of the day the Board of Contract Appeals ruled as I said in a thoroughly reasoned, 30-some page decision that thoroughly evaluated all the claims and ruled that the Department of Public Safety had acted appropriately.

Now both these cases are now on appeal to Circuit Court where the narrow issue was argued yesterday. The larger appeal hasn't even been scheduled. It's not scheduled in court. The record of the case hasn't been filed. The court case could go on for months if not years because there's been no scheduling.

GOVERNOR HOGAN: And the current Wexford contract terminates December 31st --

MR. NATHAN: December 31st, yes, sir.

GOVERNOR HOGAN: -- of this year.

MR. NATHAN: Yes, sir. And the last point I guess I would make is that the COMAR provision that appears to be relevant to this, that informs us about what's to happen when protests are filed, gives the Board basically, the Board of Public Works, it points out two options. One is that an award can be made in the face of a bid protest. That was not the path that was taken in this case. Or the other option is to allow the Board of Contract Appeals, to allow Wexford in this case, to have its day, its due process before the Board of Contract Appeals. Once the Board rules, then it's appropriate for this Board to consider the contract. No mention of any court appeals or anything beyond the Board of Contract Appeals. So it's our view and my view that we're ready today to present this and have this contract awarded.

GOVERNOR HOGAN: And what happens if we do not?

MR. NATHAN: Well the contract, as you've indicated, the contract expires December 31st. An emergency contract was awarded to Corizon, which would, could potentially last for a year until there is some final determination about the five, the original bid was a five-year contract --

GOVERNOR HOGAN: Although you said it may take years.

MR. NATHAN: I'm sorry?

GOVERNOR HOGAN: You said it may take years in the court system.

MR. NATHAN: For the court process, for the Circuit Court, and then if we're going to go, you know, if Wexford chose to go to the Court of Special Appeals, that's a multiyear process before all the litigation could, you know, might potentially end.

GOVERNOR HOGAN: Okay. Anything else?

COMPTROLLER FRANCHOT: Could I just ask a question? The thing that troubles me in the testimony is that it sounds as if the Plaintiffs' attorneys, these are the attorneys for the prisoners I take it, are, it sounds as if they are somehow involved in this from your standpoint as far as a new contract. Is that --

MR. NATHAN: They have not been involved in any way, shape, or form in the procurement process. We're aware of their complaints that they have about the performance of the current contractor.

COMPTROLLER FRANCHOT: Okay.

MR. NATHAN: And that was taken into account I suppose in the evaluation process by department officials who were the evaluators.

COMPTROLLER FRANCHOT: Okay.

MR. NATHAN: But they haven't been involved in the procurement at all.

COMPTROLLER FRANCHOT: Okay. So here's the $64,000 question. How convinced are you as the procurement officer, or Mr. Secretary maybe this is more appropriate for you, that the complaints of the attorneys for the prisoners who are advocates and obviously they do their job, that they are going to be satisfied with the new vendor that you are urging us to select? How do you give us some confidence that there aren't going to be a whole bunch of new nuanced complaints that cause us all sorts of financial adjustments down the road?

MR. MOYER: And thank you, Mr. Comptroller. I've personally been in the judge's chambers on this particular case and I know that the monitors who report back to the Court are the people that are, it's not the department reporting it. Of course, the Plaintiffs' attorneys are pointing out issues. And what the Plaintiffs' attorneys want is for the Court to have a Court monitored, do as the Court says, issue because it goes back to '72 with no compliance at all. So we're in a situation right now, and I've spent 12-, 14-, and 16-hour days in the judge's

chambers going back and forth on this issue. And I know where the magistrate stands on the performance of our current vendor and it's based on information reported back through the Court monitors. There's only a handful of companies in this country that do this type of work. I think Corizon has demonstrated the ability to perform. So I strongly encourage and recommend that this contract is awarded to Corizon.

COMPTROLLER FRANCHOT: I understand that. And I, you know, somewhat sympathize with you. But I just want to hear again that you're convinced this new vendor is going to be able to perform in such a way that we're not given a whole new set of complaints and concerns by, you know, these advocates are doing their job. But it's a target rich environment when you're treating medical needs for prisoners, I take it, for there not to be, for there to be mistakes and omissions. And you're telling us that this new contract is going to solve those problems?

MR. MOYER: I put faith in former Secretary C.J. She worked this for us. She made the recommendations. She met with my procurement team. It was a very fairly competitively bid process. There was four people who applied, there was three people who competed, and Corizon came out on top. And I'm going to follow the recommendation of her and I think all of you know her. I used to work with her in the previous administration and I knew her when she was the attorney for DBM. So I am going to follow the advice that she gave us.

COMPTROLLER FRANCHOT: No, I, I'm not unsympathetic to the Secretary's position that the incumbent has not performed well enough to get out of this, apparently out of the court case and provide what they should be providing. My concern is that we're going to a new vendor that you are supporting, and I understand that. But let me just ask my final question. Aren't they owned by a hedge fund?

MR. MOYER: I will -- my Deputy Secretary, or Corizon can answer that question.

GOVERNOR HOGAN: Well the order we were going to have is you present the case. We're going to have the representatives of Wexford come give us their case, and then Corizon. So I'd rather stick to that order rather than jumping all over the place.

MR. MOYER: Well that's fine. Then I defer --

GOVERNOR HOGAN: Then they can answer whatever questions you want rather than having the Secretary --

COMPTROLLER FRANCHOT: Sure.

MR. MOYER: Okay.

GOVERNOR HOGAN: All right? So you've got yours wrapped up for now?

MR. MOYER: Yes, sir.

GOVERNOR HOGAN: We'll bring you back if we have questions.

MR. MOYER: Yes, sir. Thank you.

GOVERNOR HOGAN: And now we have Mr. Bruce Bereano representing the incumbent, Wexford.

MR. BEREANO: Good morning, Governor --

GOVERNOR HOGAN: Good morning.

MR. BEREANO: -- and Mr. Comptroller and Madam Treasurer. For the record, my name is Bruce Bereano and I'm here on behalf of Wexford Health Services.

COMPTROLLER FRANCHOT: Who is behind you, Mr. Bereano? Someone, a gentleman is behind you.

MR. BEREANO: Yes. Richard Rosenblatt, who is also well known, who is a former Assistant Secretary of the Department of Public Safety and Corrections, warden at Patuxent, and did the original procurement of this contract for the department.

If I can take the latter part of the arguments first and respectfully if I may just approach the Board and give them a document? May I do that, Governor, please?

GOVERNOR HOGAN: Sure.

MR. BEREANO: Thank you.

GOVERNOR HOGAN: Make sure you give it to the Secretary.

SECRETARY MCDONALD: Do you want it entered in the record, Mr. Bereano?

GOVERNOR HOGAN: Yeah. If you want it to go into the record --

MR. BEREANO: Yes. This is a copy of documents that I've given both of you and I just thought you could follow along with me. You're being asked, as the Comptroller indicated, you're being asked to award an over half a billion contract for five years to a hedge fund. Now I know Corizon is going to come up here and say they are not a hedge fund. But they are a hedge fund. They are owned and operated and funded by a hedge fund.

Corizon is also a company that for the past five years has been, walked away from two states. That is they walked away from Alabama and Virginia, excuse me, Arkansas and Virginia. I apologize, Florida and Virginia because of insufficient profits and they were released over the past five years from Alabama, Arkansas, Indiana, Minnesota, New Mexico for failure to perform properly.

Corizon is also the company that previously, six years ago, was required to do the medical records admission, records part of their contract, which they failed miserably. The department then took it over. That's relative to

Duvall. And you may recall that the previous Governor and the Board voted three-nothing to throw Corizon out five and a half, six years ago.

I give you the document -- two things, please. I give you this document because as to Duvall, recently in October of this year the ACLU filed a significant brief, copies of which I gave you and your staffs a while ago. And in that brief, and if I can refer to this document I've given you, Duvall was initiated in '71. October 25th of '18 the ACLU for Duvall filed a brief. On page 12, on page 27, page 41, and page 42 of that brief they indicated that Duvall is not being complied with because of the problems of the department, not of Wexford.

The department is the party in this lawsuit, not Wexford. And it's very convenient for the department to blame my client. And I'm not just saying this because they are my client. We have lived this a very long time. And like on page 12 of the brief they say the deficiencies of the department's current intake screening system, the Defendants acknowledge that they have not achieved -- the Defendants are not Wexford, that's the department -- that they have not achieved compliance with this provision because the emergency medical records creates delays in mitigation of the IMS in the intake of medical records. Again, the Corizon provided ELR system is the responsibility of the department and the acknowledged non-compliance is an admission of the department. And if you look at the next item as well, the reason I gave it to you, I don't want to take the time and just reread it. But the point is a recent brief by the ACLU on behalf of

Duvall has blamed the department, not Wexford, for all these deficiencies. So the notion that changing vendors is going to bring the State into compliance with Duvall is smokescreen. It's smokescreen by the department and it's just absolutely untrue.

The notion also, respectfully, and I say this very respectfully, that Wexford got a fair and full appellate review of the department's work before the Board of Contract Appeals is very sadly, absolutely incorrect. The State Board of Contract Appeals did not allow Wexford to present their complete case. It denied Wexford's right to present testimony of three fact witnesses and denied Wexford's request to present the testimony of Mr. Rosenblatt, a very respected former assistant secretary of the department for treatment services. Corizon only heard -- excuse me. The Board only heard one witness, and that was Cecilia Januszkiewicz. That was the only witness the Board of Contract Appeals allowed in this several day trial. She was the procurement officer, she was the head of the team that made the award, and no other witnesses. So the notion that we had a fair and a full hearing, members of the Board, to present a legitimate appeal before the Board of Contract Appeals is just not correct. We've been totally stymied and stacked against us.

We are in the Circuit Court of Baltimore City right now. Yesterday was a hearing on arguments that a judge took under advisement that he's going to rule very soon on as to whether the contract that was entered into by

the department and Corizon is valid or not. Because it was not a meeting of the minds. There was --

GOVERNOR HOGAN: Can I interrupt one second?

MR. BEREANO: Yes, of course.

GOVERNOR HOGAN: You said they are going to rule very soon. Do we know that to be true? Because everybody else says it could take a long time.

MR. BEREANO: Well it's to their advantage to say that, Governor.

GOVERNOR HOGAN: But I mean I, it's pertinent because this terminates, the contract terminates December 31st.

MR. BEREANO: Right.

GOVERNOR HOGAN: If they were going to rule this week, it would be different than ruling in two years.

MR. BEREANO: Wexford's attorney, Ken Weckstein, advised me on the telephone yesterday that the judge took it under advisement and said that he would have a ruling very soon from that standpoint. As to that --

GOVERNOR HOGAN: On the Board of Appeals only allowing the, not allowing the, all five appeals that you lost? There was no testimony from anybody on your side?

MR. BEREANO: We weren't allowed to present any other witnesses. We were not. And even, it boggled my mind that they wouldn't even allow Richard Rosenblatt, who did the original procurement when he was at the department, who ran this program when he was in the department as assistant secretary, and has such knowledge about it. And --

GOVERNOR HOGAN: The original procurement that they want, not the original procurement, this new one, right?

MR. BEREANO: No, the new one.

GOVERNOR HOGAN: Oh, this one?

MR. BEREANO: The new one, he did initially before he left State service. Wexford has made it --

COMPTROLLER FRANCHOT: I hesitate, Mr. Bereano, but I believe you may want to correct the record. Or is that true?

MR. ROSENBLATT: Governor, Mr. Comptroller, Madam Treasurer, I left State service -- Richard Rosenblatt, retired Assistant Secretary from the Department of Public Safety. I left State service in 2009 before the Wexford procurement. What I initiated was getting away from the single vendor for the delivery of healthcare services. And I don't want to interrupt Mr. Bereano, but we felt it was in the State's best interest to shrink down the size of the contracts and have multiple vendors so we could have local providers, we could have greater competition. And so we went to this system after begging with

Hopkins and the University of Maryland, please come in and take it away from the private vendors because of what we were seeing from PHS and CMS, who have since merged into Corizon. So it was that kind of desperation that gives my familiarity, not with the current Wexford procurement or the more recent Corizon procurement.

GOVERNOR HOGAN: Thank you.

MR. BEREANO: I appreciate that clarification. Rightfully so, Governor, you are very concerned about the date, the date. My client --

GOVERNOR HOGAN: But I'm a Defendant in your case and --

(Laughter.)

GOVERNOR HOGAN: -- I could be held in contempt.

MR. BEREANO: But you are governing the State --

GOVERNOR HOGAN: I want to know if I'm going to be home for the holidays.

(Laughter.)

MR. BEREANO: Respectfully, you are Governor of the State of Maryland and want to make sure things continue smoothly and properly. And I respect that and I understand that. My client has made very, very clear that they are not going to leave the State in a lurch. That they will remain in place at the same contract price that they've been getting through the extensions. The extensions offered by the department were extensions that frankly were premised

on that they thought the Board was going to award the contract to Corizon, and therefore our extension would be very brief and could be terminated whenever they wanted. So if this is turned down so that we could get a ruling as to yesterday, because we did not have a fair hearing and a full hearing before the Board of Contract Appeals, we would continue in place.

GOVERNOR HOGAN: And is that part of your argument in court now, that you did not get a fair hearing at the Board of Appeals?

MR. BEREANO: No. The argument in court yesterday, the argument in court yesterday dealt with the issue, which is a very salient issue, that when Wexford -- excuse me. When Corizon filed their bid, they had language in their bid which has not been rejected by the department that said that after the -- let me, I'd like to look at the exact language. Yes. That will be, the exact language was that the desire to meet with the department upon contract award to clarify and memorialize certain RFP language prior to execution of the contract. Meaning that if they are awarded this by the Board, that is Corizon, they are going to go back to the department and they are going to make some changes in the contract. And so there was not a full meeting of the minds. There was the door left open. None of the other bidders, not my client, not even the other bidder, was, is given this. It's like if we enter into a contract and then after we sign it I'm going to have the right to come back and make some changes with you. We don't

know if those are going to be financial or are going to be services or what. So the issue is narrowed, Governor, before the court on that tomorrow.

If the court -- yesterday. If the court rules that there was not a valid contract, and not a meeting of the minds, they are going to throw out the contract award and if the Board awards this contract to Corizon in the meantime, you know, Wexford is at a loss. I think process is very important --

GOVERNOR HOGAN: Of course the flip side is --

MR. BEREANO: Yes.

GOVERNOR HOGAN: -- that these guys won the bid a long time ago. We had the right to let that move forward or allow you, your process of, due process to go to appeal. You've had five opportunities for appeal at the Board of Appeals, all of which you lost. And they are going to sue us for not proceeding with the contract unless the court rules in your favor immediately. Right?

MR. BEREANO: Well I don't know, I don't know whether Corizon is going to sue the State of Maryland or not. You'll have to ask Corizon that. They --

GOVERNOR HOGAN: They are going to be up next.

MR. BEREANO: They are a very litigious group of people. I know that from the past. But those five protests, Governor, were combined into one before the Board of Contract Appeals. And we did not get a fair, adequate

hearing. And that's why we are in court. This one ruling that was argued yesterday could really make the entire --

GOVERNOR HOGAN: I would just say, Mr. Bereano, that in all the four years I've been here, I mean, the Board of Appeals, that's the way it works. And I've never heard anyone say they didn't have a fair hearing before the Board of Appeals.

MR. BEREANO: Well I'm just giving you --

GOVERNOR HOGAN: So Corizon --

MR. BEREANO: -- I'm not arguing with you. I'm just giving you the facts that we were only --

GOVERNOR HOGAN: They might not like outcome. But they never said they refused to let witnesses testify --

MR. BEREANO: But that's fact, though, Governor. I'm not arguing. Our four witnesses were not allowed to be presented and we were not allowed to present our case. And if you really don't feel you have an opportunity to at least present your case so that they can rule on much more information. Particularly Mr. Rosenblatt, who has a lot of knowledge and background would be very useful, I would think, to the Board.

But quite candidly, I'll just say in conclusion quite candidly, deliberately and intentionally the department has put the Board in a very awkward situation. Because they have fabricated an emergency situation and entered into

an emergency contract just in case you all turn down this item, so that then the emergency contract will go into effect. The emergency justification sheet, even though this was done over two weeks ago on a national and federal holiday, has still yet to be presented to the Board. And we don't know what that contract is about. We don't know how much money that is about.

GOVERNOR HOGAN: But wouldn't you say that on December 31st, if we don't have a contract for all of the healthcare for all of our inmates, that's kind of an emergency? I mean, doesn't it have to be addressed in some way, assuming that maybe you don't get your court decision that you think is going to magically appear this week?

MR. BEREANO: But it's not an emergency when all along my client has said that they are not going to leave --

GOVERNOR HOGAN: But if your contract terminates, and we don't have an emergency contract in its place, what happens? People don't get healthcare? They just die in the prisons?

MR. BEREANO: We have made it very clear, I made it very clear in writing to all of you and your staff and even the department, that Wexford will continue providing their services. They are not going to leave the State in a lurch. The other thing is this Board can direct the department to issue another extension so that formally there would be a continuation of services. There's not going to be any interruption of services, Governor. I think the department has deliberately

created this situation where, to circumvent the Board, that if you don't award this contract, this emergency contract is going to go into effect. And you all don't even know the terms and conditions of that emergency contract.

The hard reality is you have a hedge fund that bid on a contract $50 million less than two other incumbents that really know the cost and the expense of providing healthcare services. And they can't do it for $50 million less. They absolutely cannot do it and have the same level of care to the inmates and compliance with this Duvall matter. And I don't know ever, I don't know ever, respectfully, of the Board of Public Works ever awarding something to a hedge fund. And I would urge that you not do so and that we promise we would continue in service and not leave the State in a lurch, and allow us to have a fair and proper consideration of what we were in court on yesterday. Thank you.

GOVERNOR HOGAN: Thank you.

MR. BEREANO: I'll be happy to answer any questions.

GOVERNOR HOGAN: Next we have Phil Andrews and Steve Rector from Corizon.

SECRETARY MCDONALD: And as they come up, we're going to have a little tech interruption for a minute so he can fix the wire for the camera. The camera went off.

COMPTROLLER FRANCHOT: Oh, gee.

SECRETARY MCDONALD: Yeah. Right when Mr. Bereano's testimony was so exciting the camera wire knocked out. So I'm sure Mr. Andrews will wait to get his picture on the internet.

MR. ANDREWS: I'm not sure it's worth waiting for but --

(Laughter.)

GOVERNOR HOGAN: Sorry. For those of you who didn't hear that, Mr. Bereano knocked out our video and audio so nobody at home can watch the proceedings anymore. So we want to wait until we get that fixed. We don't want to cut you guys out of the process.

SECRETARY MCDONALD: Anyway. All right. Phil, do you want to introduce yourself for the record and --

MR. ANDREWS: Yes. Thank you. My name is Philip Andrews. I'm Maryland counsel to Corizon Health. With me is Steve Rector, who is Corizon's CEO. I'm very mindful of the Board's time. I appreciate the opportunity to address you this morning. And what I'd like to do is clear the air and provide some facts. And the department has talked about the procurement process and Duvall and the rest of it. I'd like to just add a couple of things for the Board's consideration. Again, I'm going to go back to the facts.

Let's talk about what the Board of Contract Appeals did in terms of witnesses or no witnesses. Wexford had a number of witnesses, chose only to call Ms. Januszkiewicz, who was the procurement officer. They cross-examined

her for a day and a half. There were other facts witnesses on their list. They chose not to call them. The Board of Contract Appeals did not tell Wexford they couldn't call any witnesses except for Ms. Januszkiewicz. That's simply inaccurate. I was there as trial counsel for Corizon. Mr. Bereano was not.

With respect to Mr. Rosenblatt's testimony, Mr. Rosenblatt was offered as an expert. The Board rarely hears from experts but the Board allowed him to be named as an expert. And the reason the Board ruled that Mr. Rosenblatt would not be permitted to testify is because Wexford's reason for having Mr. Rosenblatt there was to tell the Board what to do, how it should rule. And the Board members said, and you can read the transcript, this is our job. We don't need him to come in and tell us that. And the other thing that I think that this Board should know about is that during Mr. Rosenblatt's deposition he was asked how he would have decided this procurement. And he said, well, I would have chosen Wexford. But then again, I couldn't argue with anybody if they had chosen Corizon. So his testimony wasn't going to advance the ball at all. That's number one.

Number two, with respect to yesterday's hearing, yesterday's hearing was on a small, single issue that the Board of Contract Appeals dealt with preliminarily. It's a non-issue. It's a moot point. The assertion was that Corizon had somehow put something in the contract that would allow Corizon to negotiate further before it signed the contract. Well first of all, that's not accurate. The

Board found it was not accurate. But even more so, Corizon has signed the contract. It's a moot point. That's the contract you're being asked to approve today.

The rest of the appeal on the big 30-page decision hasn't even gotten to the Circuit Court for Baltimore City yet. And Wexford has done nothing to try to move it up there, which is consistent not with trying to get a full resolution but more consistent with delay.

As for Duvall, to the Comptroller's questions about, well, how do we know Corizon will do better than Wexford? That's a very fair question, Mr. Comptroller. I think all your questions are fair, for the record. But the RFP was written to address the Wexford concerns. Wexford was mentioned many times in the request for proposals. It was written to address those concerns. The scope of the new contract actually addresses those concerns. And keep in mind that Corizon was ranked first technically. They are the better technical vendor. They've been in Maryland before. They are ready to go. They have the expertise. They have the leadership team. And Wexford's performance has simply not been up to snuff. So Corizon is ready to go and should have that opportunity if that's what the department wants.

I have two more things, very brief. Mr. Bereano asserted that the Plaintiffs in the Duvall case were blaming, that it's really the department who is being blamed. No one is blaming Wexford. Exhibit No. 1 to one of the

Plaintiffs' recent motions to reopen this case where the Governor is a Defendant, Exhibit No. 1 was a report from Dr. Puises (phonetic), the Plaintiff's medical expert. And I'll just read you from the last page, page 14, "currently," and this is a quote, "currently the performance of Wexford is unacceptable and its report was incompetently provided." A few lines down, "under the current arrangements, the vendor," that's Wexford, "has not performed and this has affected care and has resulted in non-advancement toward compliance."

COMPTROLLER FRANCHOT: Who is that gentleman?

MR. ANDREWS: His name is Dr. Puises. He is the medical expert for the Plaintiffs.

COMPTROLLER FRANCHOT: Okay. Why isn't he 12 months from now going to write the same thing about your client?

MR. ANDREWS: Because, Mr. Comptroller, for the reasons I said. You've got a new contract, a new regime. Wexford has had serious objectively determined problems with keeping leadership in place, with staffing. I mean, Wexford has had $15 million in liquidated damages assessed against it because of staffing and medical care. It is, this procurement, done again by a world class procurement officer, who carefully looked at everybody, their financial capability, all the rest of it, and more importantly looked at the ability to perform the contract. It is time for a change. It's time to put that new contract in. Wexford has had its chance and hasn't succeeded.

The very last thing has to do with this whole hedge fund business. It's an interesting pejorative. Private equity is involved here. That's worth talking about. Somebody can say hedge fund. It's private equity. Private equity is involved as the ownership and the equity interest in all of these correctional healthcare (indiscernible). So that's a, that's something for a tweet, somebody in Washington might say hedge fund Corizon. It doesn't have any substance here. And in fact, Blue Mountain and Credit Suisse, Blue Mountain manages $20 billion in assets. And Credit Suisse of course is well known. Both of those entities are not acting like terrible hedge funds. To the contrary, they have invested $150 million in Corizon. Things are going forward. Corizon has got the best balance sheet in the business. And this is not a situation for those it was in the press recently about Manor Care. The assets of Corizon, or Wexford, or any of these companies, consist of two things: the contracts they have and their employees. There is no real estate portfolio to be sold off in a sale and leased back. There's no, none of that is going on here. In fact, the investments have been in Corizon because Corizon is moving forward.

So I very much appreciate the Board's time. I can certainly answer any questions. Mr. Rector, being the CEO, would like to address the Board very briefly. Thank you.

GOVERNOR HOGAN: Thank you.

MR. RECTOR: Good morning, Governor --

GOVERNOR HOGAN: Good morning.

MR. RECTOR: -- Madam Treasurer, Mr. Comptroller. Happy Holidays to everyone. Thank you. I'll make my comments very, very brief in the interests of time. I've written some things down so I can make sure I get the points across. Phil did a good job. I want to make sure addressing the hedge fund issue, Blue Mountain capital is an asset manager that makes both public and private investments. Blue Mountain capital manages roughly $20 billion in assets and has a proven track record for its ability to invest in and partner with businesses to improve their operations.

Since Blue Mountain and Credit Suisse's involvement, Corizon has reduced its debt by more than two-thirds. Our balance sheet is as strong as it gets right now. We've obtained additional working capital and reconstituted our entire Board of Directors, as well as our leadership team, including myself and my whole team.

Blue Mountain and Credit Suisse's investment strategy is exactly opposite that of a hedge fund. They have not levered up the company. They have de-levered our company. They are taking a long term view of creating a better operating institution in Corizon, and we are very excited to be a part of that and that they are a part of it as well.

Right now in terms of the Duvall case, your question is very important and I think it's one that I will do my best to answer for you. Most

recently in a similar situation in a jail we just achieved 100 percent compliance and received a letter two weeks ago that we have, the consent decree has been removed from that jail because we've achieved 100 percent compliance with that. We are in a similar situation in a different contract following the incumbent here, where a severe dearth of performance was existing and we now meet over 92 percent compliance of over 800 measures in that contract. We have a lot of experience in these situations and we will put every effort and every resource towards making sure that we won't be here and you having to read a report like you have today.

With that, any questions for me?

GOVERNOR HOGAN: Any questions?

MR. RECTOR: I appreciate your time.

GOVERNOR HOGAN: Thank you very much. Any other questions of anyone on this item?

COMPTROLLER FRANCHOT: No.

GOVERNOR HOGAN: Any other questions on the DBM Agenda?

COMPTROLLER FRANCHOT: Yes. Items 4-S and 21-S.

MR. NICOLE: We have Dr. Salmon here to present those items.

DR. SALMON: Good morning. Governor, good to see you again.

GOVERNOR HOGAN: Good morning.

DR. SALMON: Good morning, Madam Treasurer. Good morning, Mr. Comptroller. I'm happy to be here to give you an update on our progress on our new Maryland Assessment Program.

As you know, Maryland is pursuing the next iteration of State assessments as it moves away from the PARCC test. Our new assessments will maintain a focus on critical thinking, reasoning, and communication skills; produce results that are timely, relevant, and useful for educators, students, and parents to help students improve and grow; reduce testing time as much as possible; involve local educators in their development; and also meet all federal requirements.

Under the original PARCC model, states collaboratively designed and developed a single test. Agreeing on that design of a single test that could meet all states' needs was exceedingly difficult. In fact, many states required greater flexibility, left the consortium. Maryland is one of the states now requiring greater flexibility and as such is working towards an assessment that best meets the needs of Maryland students while maintaining national standards.

To achieve meaningful test scores and comparisons, the written curriculum, the taught curriculum, and the tested curriculum must be aligned. The Maryland Comprehensive Assessment Program works towards improving that alignment even further.

The Board of Public Works approved a contract award to New Meridian Corporation on March 28, 2018 for the use of the PARCC test for one more year, as well as a contract to NCS Pearson, Inc. on August 22, 2018 for the administration and scoring and reporting of the PARCC test for one more year. This approval was granted to allow us time to move forward with developing our own Maryland Assessment Program based on the Maryland College and Career Standards. As you know, Maryland educators contributed to the development of those standards.

Today we are here to ask your approve for a contract award to Educational Testing Service for the content development for English, Language Arts, Math, Science, and Social Studies assessments. The total contract cost is $58.7 million for eight years. Although Maryland teachers will be writing items, the Educational Testing Service will be doing all of the training of the writers as well as the item review, entry, and editing. Our educators have content knowledge and ETS has expert guidance and review that will help transform their content knowledge into the assessment items.

Also on the Agenda today is the contract award to Pearson for the administration, scoring, and reporting of the new Maryland assessments. This contract has a total cost of $78 million for eight years. Please note that the other bid received for this contract was over $126 million.

As a result of Maryland now designing and developing all aspects of our general assessment program, we have the ability to set schedules and timelines for both the scoring and reporting of results. Therefore, an accelerated timeline for these program aspects is possible. We estimate a decrease of 13 percent in our assessment and administration contract costs with the new Maryland Comprehensive Assessment Program, which is nearly a $2.6 million savings annually.

It is critical that we move forward the process for the development of the new Maryland Comprehensive Assessment Program. Assessment development must be completed the first half of 2019 so that the new assessment can be administered in the spring of 2020 or we will be out of compliance with federal regulations and that could jeopardize our federal funding.

And I'd be happy to answer any questions that you have.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: Thank you very much. As you testified, we're being asked to approve two contracts totaling $136.6 million for the development, administration, and scoring, and reporting of the Maryland Comprehensive Assessment Program tests, as you noted, Dr. Salmon. And I appreciate your leadership. I obviously appreciate the leadership of the Governor and the Treasurer for recognizing the significant flaws in the PARCC assessment, which has been with us for unfortunately many years, and the need for the State of

Maryland to explore alternatives. This is obviously a step in the right direction. I'm not trying to discredit this whole process. But I continue to have major concerns about MCAP, the manner in which it will be administered, and the significant and consequential negative impacts that the testing will have on the education of our students, along with the price tag. And it's no secret, obviously, that I'm not a big fan of the profit driven testing companies and how they play a big role in our public education system. Making standardized testing the focal point of a student's academic career has transformed negatively in my opinion our students' classroom experience. When teachers are forced to teach to a test and aren't able to educate their students the way they see fit, I happen to think there is something very wrong with that system.

I appreciate the need for Maryland to have some form of testing in place. We're all in favor of transparency and accountability when we finally move away from the fundamentally flawed PARCC assessment test. But I must ask, Dr. Salmon, why can't Maryland do what multiple other states have already done and provide the SAT and the PSAT, the preliminary SAT, free of charge to high school students to fulfill the federal requirements for reading and math assessments?

DR. SALMON: Well Comptroller, that's an excellent question. Because we actually are using the SAT for about a third of our students to fulfill those testing requirements. Those are the students that have taken Algebra I in

middle school and passed the assessment there. So when they get to high school, because they are usually accelerated math students, we are allowing the SAT for their high school test.

There are problems with using that for every student and what the agreement we have with the U.S. Department of Ed now is for just that group of students. We have many other states that are going through the peer review process and I certainly would be happy to share this document with you. But this is actually the information that was given from the U.S. Department of Education regarding the Commissioner Wentzell from Connecticut State Department of Education. This was all the information they got back after they asked to use the SAT for their state assessment. And these are all the things that have to be corrected and fixed before they would be allowed to do that with all students.

So we have a, we I believe are moving in the right direction to eliminate the concerns that you addressed in your comments. That includes reducing the testing time, making the test computer adaptive so students don't have to sit through a full length test if they can be assessed through this computer adaptive process. We believe we can reduce the testing time up to and including 50 percent. So this would be a very less event based option for schools. We'd have a period of a test rather than days of testing. And this would be developed by Maryland educators and their expertise and content knowledge would be

critical. So we believe we can change that testing environment dramatically with this new assessment.

COMPTROLLER FRANCHOT: Okay. That's interesting. And New Hampshire, I take it, they have also adopted the SAT for all of their students. You are testifying that a third of our high school students do not have to go through the tests that we're talking about here?

DR. SALMON: If the students have taken Algebra I in the middle school, and taken the Algebra I PARCC assessment, they can take the SAT as their next assessment, yes.

COMPTROLLER FRANCHOT: Okay. So that leaves two-thirds of the students --

DR. SALMON: That's correct.

COMPTROLLER FRANCHOT: -- who have to take the test.

DR. SALMON: And don't forget, all the students in grades three through eight which have to have a test that can't be tested with the SAT.

COMPTROLLER FRANCHOT: What? No, I'm just suggesting -- look, the SAT is something that's valuable to kids and it's valuable to their families because it's a passport to higher education. It makes sense. I don't mind PSATs. I don't mind the school system focusing on the SAT as perhaps a barometer of how well our schools are going, are performing their task, both here in the State, county to county can be compared with the SATs. But also state to

state. I think the SAT makes a lot of sense for people in ninth, tenth, 11th, and 12th grades because they understand that this will be important to their future.

DR. SALMON: Yeah, I agree with you.

COMPTROLLER FRANCHOT: This other stuff is really just, you know, very troubling to me, that you're asking us today to spend, you know, well over $100 million and we're going to get into a five-year commitment to test these kids. And I would just appreciate, I'm not quite sure what the stack of material was --

GOVERNOR HOGAN: Look, I --

COMPTROLLER FRANCHOT: Excuse me. I know you agree with me. I find, oh maybe I'm --

GOVERNOR HOGAN: Are you still on a roll? Go ahead. I don't want to --

(Laughter.)

COMPTROLLER FRANCHOT: Yeah, no, I'm just dealing with --

GOVERNOR HOGAN: Go ahead. You've still got 20 pages left. Go ahead.

(Laughter.)

GOVERNOR HOGAN: Look, I share the Comptroller's concern about overtesting. I think almost everybody does, including, you know, our Superintendent of Schools, and most of our teachers, and parents, and students,

which is why we worked so hard to get rid of the PARCC test. Which is why we're trying to cut testing in half. Which is why we voted back in March to do our own testing and to get rid of those things, finally, once and for all. And we made that decision on this Board. But we can't just say, and great, I love the idea of using more SATs. And I didn't even know we could do one-third of the students that had Algebra I. That's terrific. But we can't afford to jeopardize $300 million in federal funds by saying we're just not going to do tests. You know, that's not an option. We can either do PARCC, or you can do this. I'd rather do this. And we already voted on it.

COMPTROLLER FRANCHOT: Well what is the difference between this and PARCC?

DR. SALMON: There are huge differences --

COMPTROLLER FRANCHOT: Such as?

DR. SALMON: -- Mr. Comptroller. First of all, the testing time. The --

COMPTROLLER FRANCHOT: Goes down by 13 percent?

DR. SALMON: No, that's the cost comes down by 13 percent annually. The testing time we think we can reduce, depending on the grade level, anywhere from 25 to 50 percent of the time. PARCC was a consortium of states so that our own Maryland State standards were not as much of a focus as they will be in our new test. We'll have more Maryland educators involved in creating the

test and I think, I've heard when I've been out on my school visits, which I know you visit as well all over the State, I've heard very positive comments about the transformation to a new test. And Maryland educators are excited about being involved in creating it.

COMPTROLLER FRANCHOT: Yeah, I hear exactly the opposite. Which is that these tests have become an obsession. They are motivated mostly apparently by the federal, you know, threat to cut funding. All I'm suggesting is I could actually be supportive of a K through 8th grade testing, although I do not, I do not agree with you that it's a major, there are major differences between it and PARCC. I think it has the same fundamental problems, which is that teachers will be testing, will be educating to the test. And that's just inevitable if that's how they are going to be graded and how the schools are going to be graded. But putting aside that concern, K through 8, if as a compromise we could replace the high school assessments for reading and math with the SAT for more than just the third, why not include the other two-thirds in our review if other states have been able to get a waiver from the federal government? Why would this be a benefit? Number one, it's something the kids can use to get into a good college.

DR. SALMON: The major difference is that the SAT is a good predictor of college and career readiness, and we do use that in Maryland for predicting college and career readiness as part of our process in certifying kids ready for high school graduation. However, it does not test the standards that

we're teaching. It does not test the Maryland, all of the Maryland standards. And that's the difference.

COMPTROLLER FRANCHOT: Yeah. But so what?

DR. SALMON: Well we'd like to know if we're --

GOVERNOR HOGAN: We're trying to have accountability in the schools.

DR. SALMON: -- accountable for those standards.

COMPTROLLER FRANCHOT: No, seriously. I mean, the point of this whole K through 12 program we have is to move the kids forward.

DR. SALMON: Right.

COMPTROLLER FRANCHOT: And instead we're putting on top of -- I mean, I can see the elite kids, you know, the ones that are advanced --

GOVERNOR HOGAN: Actually, this is about underprivileged neighborhoods and helping to make sure that those kids are getting the education they deserve.

DR. SALMON: It's not the other kids.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: It's not about elite kids.

TREASURER KOPP: Well all kids --

GOVERNOR HOGAN: It's making sure every neighborhood, that the schools that are doing the great job of teaching those kids.

DR. SALMON: But seriously, Mr. Comptroller, you and I need to visit together some of the schools this year so that we can hear those messages together. Because I do tell you, we are seeing some positive feedback from this. So I invite you to come with me on some of our visits.

COMPTROLLER FRANCHOT: Well I will respectfully and obviously as I said I have a lot of admiration for your leadership. But I do not believe this is a major --

DR. SALMON: Okay.

COMPTROLLER FRANCHOT: -- improvement. I think the amount of money is just stunning that we've spent over the last ten years of my Board participation. It has been an enormous zero. It has harassed our teachers, our kids, our administrators. And --

GOVERNOR HOGAN: So are you recommending we keep with the PARCC test?

COMPTROLLER FRANCHOT: No --

GOVERNOR HOGAN: Or lose the $300 million in federal funding?

COMPTROLLER FRANCHOT: No. First of all these other states --

GOVERNOR HOGAN: That's the choice.

COMPTROLLER FRANCHOT: No. These other states, as the Superintendent just testified, have figured out how to be granted waivers for their 9th, 10th, 11th, and 12th graders. And there's no reason why we can't do that and not have the $300 million in federal aid jeopardized. I'm probably on the losing side of this but that's okay. Because someday we're going to get rid of these tests and it will benefit the taxpayers. Other tests, such as the SAT, will replace it. And I believe the kids are going to benefit and the teachers are going to benefit. And the State's reputation, Governor, will benefit. And I don't mean to be, you know, on a, as you say, on my high horse about this.

GOVERNOR HOGAN: I didn't say high horse. I said you were on a roll.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah, I am on a roll. And --

GOVERNOR HOGAN: It wasn't pejorative at all. You know, it's just on a roll.

COMPTROLLER FRANCHOT: Yeah. No. This is a serious waste of money --

DR. SALMON: I understand.

COMPTROLLER FRANCHOT: -- as far as I'm concerned. And I'm sorry to see it being approved in all likelihood today, particularly because the only explanation I can hear is, well, we're doing it to avoid some kind of penalty.

GOVERNOR HOGAN: Very good.

TREASURER KOPP: Could --

GOVERNOR HOGAN: Any other questions on the --

TREASURER KOPP: Can I just say something?

GOVERNOR HOGAN: Yes, please.

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: I've almost kept my mouth shut. But I see it differently. I think this is the beginning of a great, great new age for Maryland, for Maryland education. We finally, we have our goals. We have our curriculum. We have a way to assess progress of all students towards meeting the goals in that curriculum with less testing and at a lower cost.

DR. SALMON: Right.

TREASURER KOPP: And I think this is what we have been working for for many years. Not only you, Madam Superintendent, but your predecessors.

DR. SALMON: Right.

TREASURER KOPP: So that all Maryland children will be taught towards the same goals that if they are not learning, we're going to deliver support so that --

DR. SALMON: Absolutely.

TREASURER KOPP: -- when they graduate from each class they will know they are ready to learn and that they have learned and they are ready to be competitive members of our economy. And I can't wait to see these instituted, and I congratulate you.

DR. SALMON: Thank you, Madam Treasurer.

GOVERNOR HOGAN: Very good. Thank you.

COMPTROLLER FRANCHOT: Yeah. I forgot to ask one question. You mentioned that these kids have varying tests they are going to take. So when you answer the first question, apparently, that tracks you into different questions?

DR. SALMON: You have to answer a lot more than just the first question. But it is very similar to diagnostic prescriptive programs that students use in reading and math, where they will start and the computer knows where to take them. And it's the same with assessing these standards. And there's a way to do it and other states have been using it. We have about 14 states right now that use computer adaptive tests and four more on the way, one of those being Maryland, hopefully.

GOVERNOR HOGAN: Great.

COMPTROLLER FRANCHOT: So the first question, I'm sure as soon as this spreads through the school system, the first question or second question, if you answer it wrong, even if it's deliberately wrong --

DR. SALMON: No, it doesn't --

COMPTROLLER FRANCHOT: -- you get moved --

DR. SALMON: -- it doesn't work like that.

COMPTROLLER FRANCHOT: -- into an easier set of questions?

DR. SALMON: No. It is a, it is a -- is Jennifer here? She can explain. This is Dr. Jennifer Judkins, who is our Assistant State Superintendent for our Assessment Program. And she comes to us from California and helped to create some of the other kinds of assessments, one of which was a computer adaptive assessment.

DR. JUDKINS: Okay.

DR. SALMON: Dr. Judkins?

DR. JUDKINS: Thank you.

DR. SALMON: Can you explain the answer to the Comptroller's question?

DR. JUDKINS: Yes. So you would get a set of questions at the beginning of the test and then that would determine the next level that you would continue. And every test question that you get will continue to adapt as you are going through. So that it's a much more narrow band of questions that you would get so that you know exactly where you are at rather than a fixed form test where you have to test every question, from low to high performing, and every student has to take every one of those questions. In a computer adaptive you can actually

narrow where that student is and continually give questions so that you can more efficiently measure where the student's performance is.

COMPTROLLER FRANCHOT: Why doesn't that just divide our kids into smart kids, not so smart kids, less smart kids? I mean, what, is that what California uses?

DR. JUDKINS: California uses the Smarter Balance test --

COMPTROLLER FRANCHOT: What's that?

DR. JUDKINS: -- which is a computer adaptive test.

COMPTROLLER FRANCHOT: So they use that questioning --

DR. JUDKINS: Yeah, 14 different states do.

COMPTROLLER FRANCHOT: But what about the idea of just using the SAT in the high schools?

DR. JUDKINS: It doesn't --

COMPTROLLER FRANCHOT: I mean, isn't that a test where you can actually compare apples to apples?

DR. JUDKINS: Well and I think that that was one thing that the Treasurer had mentioned as well, is that to measure the actual Maryland State standards, the SAT is not written to the Maryland State standards. So we wouldn't have any idea how the students are doing exactly on our standards. It's a great predictor for how they are going to do in college but it isn't necessarily measuring what we've done here.

TREASURER KOPP: Could I ask just one question?

DR. JUDKINS: Yes.

TREASURER KOPP: Is there any way that this could be related to the NAEP?

COMPTROLLER FRANCHOT: To the what?

TREASURER KOPP: Are they going to be related --

DR. SALMON: We've done a lot of studies --

TREASURER KOPP: The National Assessment --

DR. SALMON: Yes.

TREASURER KOPP: -- for Educational Progress?

DR. SALMON: Yes.

DR. JUDKINS: Educational Progress, yes. You would probably do a standards alignment. So you would have to do an alignment study --

TREASURER KOPP: Can --

DR. JUDKINS: -- to see how well those standards match. And what you do is you take test items and then you match them up to the standards and you see how those two match up to see what --

TREASURER KOPP: I mean, the only concern I would have is if schools come out radically differently somehow. We've got to be able to understand how and why.

DR. SALMON: Yes. Actually we came out pretty where we are on NAEP --

DR. JUDKINS: Right.

DR. SALMON: -- as well as we are, on the alignment was pretty good on the other test. We hope it to be the same on the new test.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Thank you very much.

DR. SALMON: Thank you very much.

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

COMPTROLLER FRANCHOT: I would approve the Agenda but I want that testing, those two contracts.

SECRETARY MCDONALD: The two, 4 and 21 --

COMPTROLLER FRANCHOT: Where I registered, if you want to pull those aside or --

SECRETARY MCDONALD: Do you want to do a separate vote on 4 and 21, the education ones?

TREASURER KOPP: Okay. I'm going to vote separately on them.

SECRETARY MCDONALD: The Treasurer makes a motion --

GOVERNOR HOGAN: We --

SECRETARY MCDONALD: The Treasurer makes a motion and just those two, without him.

GOVERNOR HOGAN: There's only two things on the Agenda. Right?

MR. NICOLE: Two testing items.

SECRETARY MCDONALD: Well, the two testing, we're pulling --

GOVERNOR HOGAN: Oh, he wants --

SECRETARY MCDONALD: So he wants, I think we need a special --

TREASURER KOPP: Move to take those two off the Agenda and vote on them separately.

SECRETARY MCDONALD: Yeah. Okay. I was just doing it in the other order. But --

COMPTROLLER FRANCHOT: Yeah. So we would be approving the item that Mr. Bereano and others object to. And I'm just suggesting that in my view the State Board of Contract Appeals has been basically what we have always responded to. I understand his argument about the Circuit Court. But --

GOVERNOR HOGAN: So --

COMPTROLLER FRANCHOT: -- we'll just have to wait and see. But I'm happy to, I'm --

GOVERNOR HOGAN: So you're making a motion to approve the first item --

SECRETARY MCDONALD: Everything except 4 and 21.

GOVERNOR HOGAN: Except this one?

SECRETARY MCDONALD: Except 4 and 21.

GOVERNOR HOGAN: Is there a second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Okay. That motion carries, three-nothing.

SECRETARY MCDONALD: Now somebody else needs to make a motion to approve --

TREASURER KOPP: I would move to approve 4 and 21.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: And I'll second that. And that is approved two to one.

SECRETARY MCDONALD: Thank you.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: And with that, I would like to take a ten-minute break because we still have a very long Agenda. We can switch out. All of you who are done, we can bring in the new crowd that's out in the hall.

(Recess.)

GOVERNOR HOGAN: Ladies and gentlemen, we're going to go ahead and get started. And before we get started, I just want to welcome Cambridge Mayor Victoria Jackson-Stanley. Thank you so much for joining us. I know we, I think we already went by your Agenda item.

MS. JACKSON-STANLEY: Yes, you did.

GOVERNOR HOGAN: But luckily, it did pass. But why don't you come up to the microphone and tell us what we were happy to approve on behalf of --

MS. JACKSON-STANLEY: Thank you, Governor Hogan, and Madam Treasurer, and Mr. Comptroller. First let me say congratulations on your reelection. The City of Cambridge, nearly 13,000, are very glad that you're still in office. And Merry Christmas. And we're proud and glad you're still in office because we don't have to start over again with many of the things that we're doing.

Yes, when you passed over our Agenda item, I said, okay Brandon -- and I'd like to introduce Brandon Hesson, who is our Economic Development Director.

GOVERNOR HOGAN: Brandon. I really apologize. I didn't have any, nobody told me you were here to testify and I --

MS. JACKSON-STANLEY: No, sir. I just took the opportunity to come forward and say thank you. Thank you for believing in Cambridge. I want to, the Secretaries I wanted to thank publicly are Commerce, Environment, and DHCD, and I don't see either of them here. But in their absence I want to say that because you've taken Cambridge, a small rural town, and given us the opportunity to really be on a level playing field to move forward with many of the things we have to do. Thank you from our MUC Director. And she wanted me to tell you that MUC, this is the first time the Department of Environment has given us an opportunity to apply for and now receive that funding. And DHCD, we've got lots of projects going and we are just partnering under your leadership on so many things. And we use the word opportunity strategically because I want to say, and I want to keep to my notes because I know I'm in the middle of all the others behind me, but I'm here now so you have to wait. The opportunity --

GOVERNOR HOGAN: Well we made you wait. I think we should give you extra time.

MS. JACKSON-STANLEY: -- make them wait, sir. I promised myself I wouldn't laugh but I'm one of these people I like to smile a lot. But Opportunity Zone. First, thank you for the leadership in giving Cambridge that designation. It is, as the Mayor, the very proud member of the nearly 13,000 people in Cambridge, we are appreciative of the State's endorsement of a large Opportunity Zone qualifying project like our Sailwinds waterfront property, as

well as the Phillips Packing Company. Though we are three Census tracts, two of those Census tracts have been selected for Opportunity Zone. And but it gives the entire City a possible future investment. And we appreciate that. The Opportunity Zones are most effective when utilized with other incentives and Brandon Hesson, if I gave him an opportunity to speak, and I won't in the interests of time, we are currently working with a biotech start-up, hoping to utilize the county's biotech tax credit as well as the Opportunity Zone designation to attract start-up capital. So we're not just resting and resting on our laurels because we are the best municipality in the State of Maryland. That was a joke, you can laugh at that.

(Laughter.)

MS. JACKSON-STANLEY: But we are the best. We consider ourselves up and coming. We are no longer that rural community that has potential. Madam Treasurer, we are moving forward. We appreciate the work that you've done to work with us. And I could go on and on but because I told myself I was going to stick to the script, I'll just say thank you very much for all that you've done for Cambridge. If you have any questions, of course I'm always available and willing. Come to Cambridge anytime. We'll do lunch.

GOVERNOR HOGAN: I just want to say thank you to you, Madam Mayor, for your leadership. You've done an incredible job. It's been a real honor and a privilege to get the opportunity to work with you and collaborate

on all these things. I'm thrilled about the Opportunity Zones. And not just for Cambridge particularly, but we have 149 of them across the State --

MS. JACKSON-STANLEY: Right.

GOVERNOR HOGAN: -- in every single one of our counties and in all jurisdictions everywhere. And we are going to utilize hopefully State and local incentives to combine with the federal tax incentive. I'm very excited about really making all 149 of those take off so we can really provide opportunities for the people in all of those communities. So thank you.

MS. JACKSON-STANLEY: Wonderful.

GOVERNOR HOGAN: We're looking forward to working with you.

MS. JACKSON-STANLEY: Thank you so much, sir. And if Brandon has anything to say, this is your chance.

MR. HESSON: No, we'd by -- Brandon Hesson, City of Cambridge, Economic Development. No, we'd be remiss without also appreciating the departments and all of the help the Department of Housing and Community Development, and the Department of Commerce has given us specific to Opportunity Zones. Rural economic development departments are generally very small shops, as in like one person shops, and not -- certainly the ability to have a deeper bench with some of that expertise has been a massive help. So --

GOVERNOR HOGAN: Well thank --

COMPTROLLER FRANCHOT: Could you possibly keep us in the loop as far as how you progress? Because the Governor is, I agree, deserves kudos for the designations of 149 of these. But --

MR. HESSON: Yes, sir.

COMPTROLLER FRANCHOT: -- if you could perhaps help us understand as you move forward with your programs and how they fit in there, and what kind of out of state funds we're going to be able to attract with this exciting federal program.

MR. HESSON: Yes, sir. Happy to share some stores every chance we get. So --

GOVERNOR HOGAN: Great.

MR. HESSON: -- thank you.

COMPTROLLER FRANCHOT: Great.

GOVERNOR HOGAN: Thank you very much.

MS. JACKSON-STANLEY: Thank you very much. And if you will please excuse us, we're going to cross the Bay and head back to the work of Cambridge.

GOVERNOR HOGAN: Thank you very much, Madam Mayor.

MS. JACKSON-STANLEY: Thank you. Everyone have a great day.

TREASURER KOPP: Happy Holidays.

GOVERNOR HOGAN: Thank you. Happy Holidays.

MS. JACKSON-STANLEY: Thank you.

GOVERNOR HOGAN: And now we're going to get started with the University System Agenda.

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

GOVERNOR HOGAN: Any questions on the University System Agenda?

COMPTROLLER FRANCHOT: No. Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Second? Three-nothing. Congratulations.

MR. EVANS: Thank you.

GOVERNOR HOGAN: Happy Holidays.

(Laughter.)

GOVERNOR HOGAN: And after the last couple, that was really a relief. Now we're moving on to Information Technology.

MR. LEAHY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Mike Leahy, Secretary of the Department of Information Technology. Today we have 15 items on the Agenda, however we

are withdrawing Item 1-GM. I do have agency representatives available to answer any questions on the balance of the Agenda and wish you Happy Holidays.

GOVERNOR HOGAN: Thank you. Questions on Information Technology?

COMPTROLLER FRANCHOT: I just want to underline Item 3, which Governor I thank you and the Treasurer in advance. I hope you will support this multiyear comprehensive, competitive new project that my agency is bringing before the Board. It is a contract that will replace our antiquated tax system with new state of the art technological infrastructure that will transform our agency's ability to execute our revenue collection operations. It's going to be phased in very carefully over the next four years because I kind of like being the Comptroller of the State. I don't want to be an ex-Comptroller if the new system freezes up somehow. I have Sharonne Bonardi, my indispensable Deputy Comptroller, available for questions. Maybe, Sharonne, you want to come up and just introduce yourself? And that I think you have members of your team here also. But this is something that dates, Governor, back to my predecessor, Louis Goldstein, who did arrive here on the *Dove*, actually.

(Laughter.)

COMPTROLLER FRANCHOT: But we call our system Compass because of the direction it's pointing us in, which is a new course to elevate our

taxpayer service delivery model. And Deputy Comptroller, perhaps you could just briefly state the importance of this project.

MS. BONARDI: Thank you, and good afternoon to you, Governor, Madam Treasurer, and Mr. Comptroller. And I am Sharonne Bonardi. With me is Robin Aro. And Robin Aro is the Compass project manager. And of course we're here to answer any questions that you may have regarding this project.

But as the Comptroller mentioned, this is very important to our agency and also to the taxpayers of Maryland. Maryland has for decades been a leader in tax administration in this country. And when I started working with the agency in 1997, we had recently implemented what we call our Smart system. We were one of the first states to actually adopt that technology. And we have remained leaders in the area of customer service and have been recognized nationally, of course, for our service in tax administration and have received numerous awards for our fraud protection, our compliance discovery programs, and revenue estimating programs. And as the Comptroller mentioned in his remarks, however, this system is antiquated. And modernization is absolutely necessary. And if we don't modernize, it will become more difficult for us to sustain our reputation as a national leader in tax administration around the country. And the Comptroller always says that we don't want to be on the bleeding edge, we want to be on the leading edge of technology. And so we have taken our time to evaluate the potential vendors for this project and we have

identified the best solution for the taxpayers of Maryland so that we can continue to deliver that exceptional customer service that Marylanders expect and absolutely deserve. And so we are here to answer any questions that you may have and thank you.

GOVERNOR HOGAN: Thank you very much.

TREASURER KOPP: I do have one question, Sharonne.

MS. BONARDI: Yes, Madam Treasurer?

TREASURER KOPP: For clarification. This is a great item and I'm delighted to support it. Questions have been raised about the fee that citizens pay to file State taxes with this new system and it is my understanding that whatever fee is paid is paid to a vendor, like TurboTax, if you want TurboTax to do your taxes and send them in, not to the State. And you and the Comptroller's Office does not charge a citizen taxpayer of the State of Maryland to file taxes. Is that --

MS. BONARDI: And thank you for raising that question. That is absolutely correct. Actually Maryland is one of the few states that still allows for taxpayers to file their state income taxes for free. Other states have limits that are associated with the Federal Free File program and those are capped based on a taxpayer's adjusted gross income. But Maryland was committed when Free File was introduced that we would not have taxpayers have to pay in order to file their

taxes and this will continue of course with this new system, and actually be more efficient in being able to deliver that service to Marylanders.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: We'll also prepare your taxes for free --

MS. BONARDI: Absolutely.

COMPTROLLER FRANCHOT: -- if you want us to come in --

MS. BONARDI: Go into any of the branch offices --

COMPTROLLER FRANCHOT: -- yeah, guaranteed to be accurate.

(Laughter.)

COMPTROLLER FRANCHOT: And so --

GOVERNOR HOGAN: When can you come over?

(Laughter.)

COMPTROLLER FRANCHOT: So if I -- thank you, Madam Deputy Comptroller. And I just want to thank the members of your team, Wayne Green, Chris Riley (phonetic), Sandy Zinck, John Hider (phonetic), Robin who is with you, and special thanks to Patty Tracey, my Deputy Director for Administration and Finance who served as the procurement officer and provided counsel and guidance to the evaluation team. I'd ask Patty to come up but every time she starts talking I can't understand any of the technical language. So God

bless her for being there. I see David and others who are here. Thank you for what you've put into this project. It's going to be extraordinarily important. And when it's in place, future Comptrollers and future Governors and future Treasurers will sing its praise. Thank you.

MS. BONARDI: Thank you. Happy Holidays.

GOVERNOR HOGAN: Great. Thank you all very much. I want to congratulate the Comptroller and mostly his whole team, you know, for these enhancements to what I believe is already an excellent customer service that your office provides to the Maryland taxpayers. And both of us from day one since I got here we've both been talking about how do we improve customer service to the Maryland taxpayers? And we've both been putting a lot of focus and emphasis on this. I think this is the next step for you at the Comptroller's Office to provide even better service and you are already getting great reviews from the citizens. You know, in feedback that we've gotten so far, and we've now got in our customer service surveys, we've had 98,000 people that have responded to us with surveys and we have an 87 percent satisfaction rate from customers all across the State from all of our agencies, which is a huge improvement from I think the satisfaction rate they had in the past with State government. So thank you all very much for all of your hard work.

COMPTROLLER FRANCHOT: Thank you, Governor.

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

TREASURER KOPP: Favorable.

GOVERNOR HOGAN: Second. Since it's your item, we won't make you do the motion.

(Laughter.)

GOVERNOR HOGAN: Three-nothing.

MS. BONARDI: Thank you.

GOVERNOR HOGAN: Move on to the Department of Transportation.

MR. RAHN: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Pete Rahn. I'm Secretary of the Maryland Department of Transportation. The department has 33 items today, 33-GM was submitted as a supplemental item, and we are withdrawing 8-GM. And we are prepared to answer any questions.

GOVERNOR HOGAN: I say we start at the back of the Agenda, with Item 33. Because we have a number of speakers signed up to testify on that item. So first we'll have the department present the item.

MR. RAHN: All right. Thank you.

GOVERNOR HOGAN: And then we'll hear from the rest of the speakers. So I guess Greg Slater, our SHA Administrator, will present Item 33.

MR. RAHN: So Governor, I'm going to give an overview of that and then Mr. Slater --

GOVERNOR HOGAN: Okay. I'm just following the notes they gave me but, you know, whatever. You're in charge.

MR. RAHN: So this is the contract that was recompeted from last summer, in which there was a concern about the newly created, abbreviated process. The contract was recompeted. The teams reformed in different groups after having been given debriefs as far as what the weaknesses were of their first competition. We think the end result was we ended up with stronger teams having been formed and having given us a stronger proposal.

We are about six months behind in providing the concessionaires the engineering information that they need for them to proceed beyond where we're at. But we have continued to work with all of our team members to procure the next steps for the public-private partnership of the express toll lanes at the same time we are undertaking our NEPA process. So we have a parallel process going, which is permitted under federal law. So NEPA is proceeding. We need a general engineering contract on board to answer a number of the technical questions that the concessionaires will have to have in order for the procurement to proceed. But we are very pleased in where we are. We are pleased with the consortium that formed and is the selected team for this general engineering contract.

GOVERNOR HOGAN: Great.

MR. SLATER: Good afternoon, Greg Slater, MDOT's State Highway Administrator. I am here to present this contract that will help us form our team and move forward with this very important initiative as we work on really redeveloping and connecting our transportation system across the State. So I am here to answer any questions you may have.

GOVERNOR HOGAN: Okay. I'm not sure we have any questions at this point. We have a whole list of speakers. So thank you.

TREASURER KOPP: I do have a number of questions.

MR. SLATER: Oh.

TREASURER KOPP: I'll wait until --

GOVERNOR HOGAN: Yeah. We'll hear from Josh Tulkin.

MR. TULKIN: Hello. Good morning, almost afternoon. My name is Josh Tulkin. I'm the Director of the Maryland Chapter of the Sierra Club. Mr. Governor, Comptroller, Treasurer, thank you for your time. This is my first time in front of the Board of Public Works so if there are any --

GOVERNOR HOGAN: Well welcome.

MR. TULKIN: Thank you very much. If there's any protocols for what is or is not useful, please feel free, I'm sure you will, to interrupt and I can use your time respectfully.

We're urging deferral on this item. The pre-solicitation agreement just became available on December 11th and we've begun to review it. But there are several items I wanted to flag for your attention today. Transportation is now the leading source of carbon pollution in the State and the Commission on Climate Change has flagged it as one in which we need to make significant improvements. I want to commend the Governor on joining eight other states yesterday in the formation of a Transportation Climate Initiative.

As mentioned earlier, this process and this contract are happening concurrently with the NEPA process, which is reviewing the environmental impacts of all of the different options that are on the table. However, we did notice that the pre-solicitation agreement made several assumptions about the environmental impact, suggesting that some of the managed lanes would reduce congestion, reduce pollution, even though articles, including an in-depth study by the Washington Post, found that at least the preliminary results in Virginia have not actually shown that. So while it's possible, we think that to make that assumption within the pre-solicitation agreement is prejudicing the result.

Additionally, there's been some significant concerns about how the process will work for public input. This is, we're a bit new to this, but our understanding is that the approval of this contract would empower this particular P3 to be making subsequent decisions about which of the highway options would actually be chosen. Those have additional environmental implications.

Lastly, the issue of cost. The message that we received, and I think the general public understood, was that the project would not have a cost to the public because it is a P3. So certainly the $90 million price tag for this particular item drew some questions. We've also noticed that the cost for the item in some reports has gone for the project overall from $9 billion to $11 billion. So given some of the significant concerns that we and some local governments have about the environmental impact and the cost, we would ask for more time to be able to review and engage on this particular contract to understand the impact it will have on the rest of the project.

GOVERNOR HOGAN: Okay. Well, let me ask a couple of questions. I mean, I understand you want more time to have some of the concerns addressed. But saying that, I mean, the science is clear, and maybe we can have our Environment Secretary talk about some of these, vehicles traveling at greater speeds do produce lower carbon emissions. I mean, challenging that is like being a climate change denier, right?

MR. TULKIN: Fair enough.

GOVERNOR HOGAN: Hundreds of thousands of cars sitting in traffic jams for hours is a huge environmental problem --

MR. TULKIN: Absolutely.

GOVERNOR HOGAN: -- that we're trying to fix. That's what this procurement is about. But your, are you opposed to fixing the traffic congestion? You're not pro-traffic?

MR. TULKIN: We are not pro-traffic and we absolutely agree that congestion is a major source of pollution. Recently with the growth of Uber and Lyft, there's been significant studies looking at how the convenience of transportation is inducing demand. So whether or not added toll lanes are actually decreasing the congestion of the current riders or inducing people who maybe were choosing other options, telecommuting, etcetera, are actually choosing to drive. So I do think there is a question about whether or not the net result of the managed lanes would be an actual decrease or just they would be relieving some congestion and leaving other people in congestion. We absolutely agree that the congestion is a serious environmental concern and we support, you know, the attempts to address it.

GOVERNOR HOGAN: Right. Yeah, I mean we, no Governor in the history of the State has ever invested more in transit. You know, we're building the Purple Line, $5 billion. We saved Metro. But we also have to do something about the traffic congestion. And that's what this proposal is about, to study ways to fix the traffic congestion. It just amazes me that the Sierra Club is not interested in that topic, which is I think one of the greatest causes of our air pollution. You know, we, we've taken more steps to clean the air than 48 other

Governors in America. But wanting more information, I understand. But saying that getting cars off the road or getting them moving faster, I just don't understand the logic.

TREASURER KOPP: I believe the gentleman said he wanted to get cars off the road. He wanted to --

GOVERNOR HOGAN: But how?

TREASURER KOPP: Exactly. But how? And the question was more time to understand this project and how it was going to do that.

GOVERNOR HOGAN: Well there is no specific proposal of a project. This is to move forward with engineering to study --

TREASURER KOPP: He's asking for more information.

GOVERNOR HOGAN: This is not a proposal to do anything. It's a study process.

MR. TULKIN: Understood. And first, I did want to just clarify we are extremely supportive and appreciative for the funding of the Purple Line and for the Metro, and the signing of the Transportation Climate Initiative, and absolutely agree on both the environmental impacts of congestion as well as the economic impacts and social and even psychological impacts. So it's something that we support. We've turned out literally hundreds of people to engage in the listening sessions across the State to talk about their experiences with travel,

transit, transportation. I think in this case what we're trying to understand in part is the implications of this contract, which it would seem are putting in place --

GOVERNOR HOGAN: Right.

MR. TULKIN: -- the empowerment of this particular company to be making a future determination --

GOVERNOR HOGAN: Okay.

MR. TULKIN: -- on which of those items as you were discussing are actually pursued.

GOVERNOR HOGAN: I understand.

MR. TULKIN: And even one thing we've discovered with some of the stormwater P3 projects at the county level is that there is a shift in what the public participation process looks like and that's actually significant so we can figure out how and where we're supposed to be engaging along the way.

GOVERNOR HOGAN: Well maybe, when we finish all the testimony maybe we'll have Administrator Slater address some of your other concerns. I know that there was a University of California study that showed increasing highway speeds from 25 miles per hour to 45 miles per hour reduces carbon emissions by 12 percent. So we'd certainly like to speed up the traffic for lots of reasons, including protecting the, and promoting clean air.

MR. TULKIN: Great. Thank you very much.

GOVERNOR HOGAN: Thank you. Next up we have Rich Parsons from the Suburban Maryland Transportation Alliance.

MR. PARSONS: Thank you, Governor and members of the Board. It's a pleasure to be here. My name is Richard Parsons. I'm Vice Chair with the Suburban Maryland Transportation Alliance, also a co-founder of the Purple Line Now Coalition. So I want to thank you for your support for that project as well.

I wanted to share a little bit of my experience over the last 20 years working on transportation policy in the greater Washington region, starting out with the discussion you just heard, about the impacts of congestion on air quality. It may interest you to know that during the debate over the Intercounty Connector we had the same discussion and the Transportation Planning Board at the Metropolitan Washington Council of Governments did a study in our area and released a chart at one point showing that if you moved the average peak hour speed from eight and a half miles an hour to 55 miles an hour, which is basically what we've seen with the Intercounty Connector when we took traffic off the local roads and put them on a much faster alternative, you actually cut emissions per mile by 50 percent.

GOVERNOR HOGAN: Wow.

MR. PARSONS: Now there's a lot of conversation about induced demand. You hear a lot from opponents of all the road projects that we've ever done. But when you actually look at real world results, the Federal Highway

Administration estimates the impact nationwide of induced demand is somewhere between one and a half and three percent, last time I checked. If you do the math and you realize you've just cut emissions per mile by 50 percent or 24 percent, whichever study is more relevant to this speed differential, there clearly is a savings of pollutants from improving travel speeds during the peak hours, especially in eliminating stop and go traffic conditions. So I think there's no basis from our standpoint for delaying this submission and we urge you to support it.

I want to talk about a couple other points that really come out of my past work on transportation issues here, including the Purple Line. And that is, first of all, delay is incredibly expensive. There is data about the extra ten years that we lost on the Woodrow Wilson Bridge replacement, which was a project I worked on when I was with the Board of Trade. We spent $100 million a year for nothing in ten years of delay that was brought about by lawsuits and delay tactics of the opponents on that project. The bridge was literally falling into the river. We heard all these discussions about induced demand, if you widen this six-lane bridge to 12 lanes you'll just, it will just fill up with traffic and congestion will get even worse. That is actually what the Sierra Club said. Okay? We don't have to look at studies or charts or graphs. We can look at real world results on this one. Because we widened that bridge. We doubled the capacity from six lanes to 12 lanes and the average peak hour delay in the morning rush hour went from over 30 minutes to zero to three minutes, which is

where it is today. We added congestion relief measures that include, in the long run we're going to be adding transit in that corridor too, but we added the lane capacity to cut the congestion and it didn't fill up with traffic. The induced demand effects are small and are overwhelmed by the traffic relief benefits.

So I urge you, the delay cost us a billion dollars on that project that didn't help build more Metro service. It didn't help provide funding for the Baltimore transit needs of the State. It didn't provide extra lanes for 270. That money was wasted from delay and inaction. And our big message to you is there is no reason to delay efforts on 270.

We have studied this for more than 24 years. We have traffic data from the last environmental impact statement that show an 87 percent improvement in peak hour speeds in the afternoon when you widen it all the way to Frederick. You see a 70 percent reduction in peak hour speeds when you widen some of the choke points around the spurs and take care of that portion of it. The Beltway study isn't as far along in the EIS process -- 270 has been studied for 24 years, I think the Beltway we're going on 15. So those concerned with "fast tracking," I really respectfully beg to differ. No process that takes 24 years can honestly be described as fast tracking anything. It's ridiculous we take as long as we do to make decisions on transportation around here. And our urgent message to you is move swiftly on this because we don't want to be not learning the lessons of the past. On the ICC, we wasted over a billion dollars with delay,

Wilson Bridge, we wasted over a billion dollars with delay. So please, my primary message is no more delay.

A couple other quick things. We were briefed on one of the task forces I served on back in 2002 by then Secretary John Porcari and Neil Peterson at State Highway, that back in 2002 the entire Maryland Beltway had reached the end of its structural lifespan and was in need of major structural repairs because the structure underneath the pavement was failing throughout most of the Maryland segment. The same was true in Virginia, which is one of the reasons they went ahead and did a project similar to this. They leveraged private capital to make it happen quicker and more affordably for taxpayers and used tolling to pay for it, and they also increased the capacity of the road and have added the capacity through regional transit on those new dedicated lanes.

We are in the same boat. To my knowledge, not much has been done to fix those structural problems. And if we're going to be spending billions to take down the concrete and redo the entire structure for those reasons, it would be foolish not to reimagine, modernize, and upgrade this facility to add capacity, add a regional transit component, and make this system work better for commuters and clean up the environment at the same time.

So in closing, you know, the last thing is we've been dealing with these issues on 270 and the Beltway for the generation now. It's the biggest threat to our quality of life in Montgomery County and the rest of the Washington

region. The public has been surveyed several times. There has been scientific polling on the 270 project. Last time it was polled it got 71 percent in favor, 11 percent against. Beltway widening tested 70 percent in favor, 11 percent against. Widening the American Legion Bridge, it's about six to one in favor. So the public is clearly on board with moving ahead and I urge you to move swiftly and not let delay and wasted money be the typical pattern repeating itself again. And with that, I thank you.

GOVERNOR HOGAN: Well thank you very much. I appreciate you being here today.

Look, I've done a lot of polling. We just had an election -- I don't know if anybody will remember that --

(Laughter.)

GOVERNOR HOGAN: -- myself. I also talked to tens of thousands of people in Montgomery County and Prince George's County. This, there is no question this is the number one thing that people in Montgomery County are demanding that we do something about the traffic congestion on 270 and on the Beltway. It ruins quality of life. People are tired of wasting their lives sitting in traffic, not to mention the damage to the environment, not to mention the cost involved. But just the fact that this, people for decades have been begging the elected officials to do something about it and no one has ever done anything about it. And it's getting worse.

Last year we announced this innovative idea, this transformative plan that could substantially and dramatically improve our State highway system, traffic in the entire Washington Metropolitan Region, that would vastly improve the daily lives of people, millions of Marylanders. And we have the second highest average commute time in America. Daily backups on the Capital Beltway and I-270 have made the Baltimore-Washington corridor and the Washington region the second most congested region in the nation. Every single day, 240,000 people get stuck in bumper to bumper traffic, and sometimes for hours long backups, along 270 and 495. The problem has been impairing quality of life of Maryland citizens for three decades. And I can tell you, at least 70 percent of the people in Montgomery and Prince George's and everywhere else want us to fix the damn roads.

We're already doing all the transit. There's no other solution but to do something about this traffic congestion. And to kick the can down the road would be the worst mistake any politician could ever make, any public leader could ever make. Because they've been doing it for --

COMPTROLLER FRANCHOT: God forbid I interrupt the Governor. He's on a great roll.

(Laughter.)

GOVERNOR HOGAN: But you know, we've already begun construction on the $5.6 billion Purple Line, the largest public-private P3

partnership in North America to connect Bethesda in Montgomery County to New Carrollton in Prince George's County. We came up with the proposal, the first real proposal to save Metro, to address Metro's half a billion dollar a year shortfall, and we enacted landmark legislation, the first time in history, to give Metro a dedicated source of funding. And we're providing, Maryland is providing an increased contribution of $167 million a year to Metro. So people are like, well, Hogan is a road warrior. No Governor in the history of the State has ever put more into transit. I'm a balanced transportation guy. But all those things are not going to stop the people from sitting in traffic on 270 and 495 if we don't fix the damn roads.

So that's what this is about. Over the next 20 years, the population in the region is expected to grow by another million people. And even though we've invested billions and billions of dollars in transportation and improving our roads, after decades of inaction on these particular things, you know, we're finally, after three decades, on the verge of doing something about it. And this contract simply represents the very first step in getting engineers to study the feasibility of how to do it. We're not even letting a contract to build any roads, to widen anything, to take anybody's house, or all of these other crazy things that you hear about. This is just to move to the next step to come up with a solution to the traffic relief and to improve the quality of life for most Marylanders. So that's what this is about. And I think I said enough.

TREASURER KOPP: Can I ask Mr. Parsons --

(Laughter.)

MR. PARSONS: Sure.

TREASURER KOPP: You are a very good lobbyist and you are a very good spokesman --

MR. PARSONS: Thank you.

TREASURER KOPP: -- for that position. I remember hearing the same argument the last time 270 was widened, and you were there with me. Right?

MR. PARSONS: I probably was because we go back a ways --

TREASURER KOPP: Yes.

MR. PARSONS: But there's --

TREASURER KOPP: It was widened significantly --

MR. PARSONS: Well part of it was.

TREASURER KOPP: -- and it was good, and it worked for three years. It was terrific to drive on, wasn't it?

MR. PARSONS: It was.

TREASURER KOPP: It was.

MR. PARSONS: And let me just explain one thing because what happened in that project was --

TREASURER KOPP: And it wasn't just widening. It was adding local lanes.

MR. PARSONS: -- in the eighties, well in the 1980s, 270 was supposed to be widened to four lanes in each direction all the way to Frederick. What happened was, we did half the job. Back then the time frame, I don't recall the year in the time frame you're talking about, and Governor Schaefer at that point didn't have the political support, as I understood the story, to finish the project or had competing interests in Baltimore that were also pressing and some of the money went there. So the bottom line is when 270 was built and finished in 1960, it had two lanes between Frederick and Upper Montgomery County. Frederick has tripled in population since that road was finished, from about 100,000 to about 300,000 residents. Montgomery County has more than tripled, from 300,000 residents to over a million. Do you know how many roads, how many lanes of road service that community now? Two. The same number we had in 1960.

TREASURER KOPP: No, that's not --

MR. PARSONS: We've had, no, the northern part has never been widened since it was built and in the afternoon rush hour it's that choking down to the two lane choke point north of 370, that's what's causing the backup that's radiating back through most of the rest of the section that was widened. So when

you only do half a job, a roadway only has as much throughput as its narrowest point, because it creates choke points there that radiate back.

TREASURER KOPP: Well it didn't make it worse --

MR. PARSONS: You have the same problem on the spurs which were not widened.

TREASURER KOPP: -- because it was relieved.

MR. PARSONS: So.

TREASURER KOPP: It then built up around there. You're right --

MR. PARSONS: Right.

TREASURER KOPP: -- it didn't go all the way up. But what the area you're talking about, at 270 and the Beltway --

MR. PARSONS: Well the spurs are still two lanes of actual through traffic. You've got an HOV lane but it ends and dovetails into the existing through lanes. You've only got two general purpose through lanes.

TREASURER KOPP: You're not talking about just improving the --

MR. PARSONS: And that's causing a choke point, too. But look at what the ICC has done. That has had huge success in decongesting my whole area of the county and has not become congested. The Wilson Bridge has not become congested. There's lots of examples where we've widened things and they've worked beautifully --

TREASURER KOPP: Well they are also pretty new, aren't they?

MR. PARSONS: Well not the Wilson Bridge. Not Montrose Parkway. That's more than ten years old. It has completely eliminated the congestion delays we used to have on Montrose Road, exactly as the traffic models predicted. So we have a track record, when we build to capacity that's in our long term plans we have a track record of it working. With 270 they only did half the job, which is why I think it needs to be finished.

TREASURER KOPP: You and I remember the roads differently, Rich.

MR. PARSONS: Okay. Sorry.

TREASURER KOPP: I'm just saying, there is such a thing as induced traffic and it is --

MR. PARSONS: Yes but it's a small factor.

GOVERNOR HOGAN: It's really not about an argument between you and him. I mean --

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: -- he, we should have asked you to sit down before I made my little --

TREASURER KOPP: No, no --

MR. PARSONS: Actually I think I will.

(Laughter.)

MR. PARSONS: Thank you.

GOVERNOR HOGAN: Thank you.

MR. PARSONS: I did bring a written statement and more information.

GOVERNOR HOGAN: It's you and I can argue, but not him.

TREASURER KOPP: Right.

MR. PARSONS: I don't know your protocols. Should I give it to someone?

COMPTROLLER FRANCHOT: Could I just -- Rich, can you stay there for just a second? Because Rich used to work for me years ago when I was a Delegate from Takoma Park. And he did the same masterful job that he did this morning. And I think the Governor put it correctly, this is a preliminary step forward with this. I think we're all going to reserve judgment on the public-private partnership which is going to come before the Board later for a final approval. But as far as the urgency of what we're dealing with, what's left out of the congestion of the Beltway, which is absolutely paralyzing to the, I think, to the region's economy and quality of life, it generates a lot of people jumping off the Beltway. And then they come roaring through Takoma Park. First of all, it's dark because it's wintertime now.

MR. PARSONS: Right.

COMPTROLLER FRANCHOT: They are mad as hell, and because they are frustrated. They are driving on unfamiliar roads. It creates, in my view, a relatively unrecognized public safety issue of not widening these roads. So I commend everybody for moving the process forward. I understand there is a lot of opposition in Montgomery County, at least among the elected officials if not the polls.

GOVERNOR HOGAN: I would say if there is a lot of opposition among elected officials, there's almost no opposition among voters --

COMPTROLLER FRANCHOT: Yeah --

GOVERNOR HOGAN: -- I can assure you, by looking at polls.

COMPTROLLER FRANCHOT: Okay. All I'm saying is that that battle can be fought down the road.

GOVERNOR HOGAN: -- they won't be reelected --

COMPTROLLER FRANCHOT: And --

GOVERNOR HOGAN: -- if they oppose traffic --

(Laughter.)

COMPTROLLER FRANCHOT: Anyway, I just wanted to, I just wanted to on a personal note thank Mr. Parsons because his son and daughter are world famous figure skaters.

GOVERNOR HOGAN: Wow.

COMPTROLLER FRANCHOT: And they are going to be --

MR. PARSONS: They train right here in Maryland.

COMPTROLLER FRANCHOT: -- hopefully in the Olympics someday. And Rich, maybe you could give the YouTube site or whatever it is.

(Laughter.)

COMPTROLLER FRANCHOT: When they dance, I've seen these two young people perform, and it is something that as a Marylander I'm just extraordinarily proud of.

MR. PARSONS: You can help our young Olympians get their way at teamparsons.us, is their website. You can help our Maryland grown ice skaters --

COMPTROLLER FRANCHOT: Yeah, I'm a hockey player. I don't like figure skaters. But this is something --

(Laughter.)

MR. PARSONS: Thank you for the shameless --

SOMPTROLLER FRANCHOT: -- this is something special. So --

MR. PARSONS: Yeah, I appreciate that.

COMPTROLLER FRANCHOT: -- congratulations.

GOVERNOR HOGAN: You know, when the traffic is sitting still on 270 we could freeze the ice and they could have a demonstration out there.

(Laughter.)

GOVERNOR HOGAN: I'm just kidding.

MR. PARSONS: If I could just quickly respond, Peter raised an excellent point about the pedestrian safety and that was one of the things we found with the ICC. There's about 60,000 people on an average day using the Intercounty Connector today. Most of that is actually traffic that was diverted off the surrounding local roads. And we've seen a major improvement in pedestrian safety because of that limited access much safer travel condition that they are in now as opposed to crowding through the local neighborhoods.

GOVERNOR HOGAN: Well and we had the exact same opposition from the exact same people over the ICC and everybody else now loves it.

MR. PARSONS: So thank you.

TREASURER KOPP: That's not, that's not true.

GOVERNOR HOGAN: All right. Thank you.

TREASURER KOPP: Governor, let me just say as somebody who uses the ICC, I think it's a great addition. I agree. It is also more heavily used than the newspapers --

GOVERNOR HOGAN: Yes.

TREASURER KOPP: -- would have you think.

GOVERNOR HOGAN: It's because we cut the tolls.

MR. RAHN: So Governor, may I just say, before the closing there, to reemphasize something that you have said. And also the direct, to clarify, for everyone here the direction you've given us. And that is we are to be environmentally responsible.

GOVERNOR HOGAN: Yes.

MR. RAHN: We are not approaching this as, you know, just build roads no matter what. We understand the concerns of the environmental community. We are taking the NEPA process very seriously. We need this contract to help continue our work through --

GOVERNOR HOGAN: -- environmental study --

MR. RAHN: -- the NEPA process. And the argument --

GOVERNOR HOGAN: I was going to have our Environment Secretary come talk about that. But we've been here since yesterday and I want to move this decision forward.

(Laughter.)

GOVERNOR HOGAN: And I'd rather just kind of keep moving along here. Because you've got to quit while you're ahead.

MR. RAHN: Yes.

GOVERNOR HOGAN: And I think if you keep talking you might lose the vote.

(Laughter.)

MR. RAHN: Yes. So the one --

GOVERNOR HOGAN: Why don't we just cut off his microphone?

(Laughter.)

MR. RAHN: But the one, the one point that needs to made is that induced congestion and induced demand is really, you can't calculate induced demand when you are a growing region.

GOVERNOR HOGAN: Yeah.

MR. RAHN: And the D.C. region is going to add another million and a half people. We need to have capacity.

GOVERNOR HOGAN: I think I said that. Any other questions on the Transportation Agenda?

TREASURER KOPP: Yeah. Governor, let me, I'm sorry you're cutting it off.

GOVERNOR HOGAN: Well go ahead.

TREASURER KOPP: Because I did have some questions and they did deal with this. You got the votes, you go ahead.

GOVERNOR HOGAN: No, go ahead and ask the questions.

TREASURER KOPP: I would --

GOVERNOR HOGAN: I just didn't want him, you know, making another speech. But you get all the questions you want.

TREASURER KOPP: This is, I just think people should understand where we are in this project. Because it's very confusing. It came at the last -- let me say two things. First of all, it came some months ago in a different form. And this procurement has gone along according to the traditional procurement process. And I appreciate that. No question of that. But it did come upon us suddenly. And I have received calls from both Montgomery and Prince George's County trying to understand what it is. Because it just seemed to appear out of nowhere, this $90 million, which is one percent, or less, of the ultimate cost of the project. And I think we just have to understand what it is that you are proposing that we consider now and whether in fact it is an irrevocable step towards something that we don't know what it is, and how it fits in with the great statements we've made on the Transportation and Climate Initiative, and what the role of public input. I understand there is going to be a hearing in Montgomery County later this month or January but by then this vote will have been cast. And just understand what is going on and what this is and what it isn't.

MR. SLATER: Absolutely. Thank you, Madam Treasurer. And for the record, Governor, Mr. Comptroller, and Madam Treasurer, Greg Slater, MDOT State Highway Administrator.

So we're bringing this contract forward. As the Governor had stated, this is really to help us develop this P3 proposal, to help us develop the solution that we get out there. When it comes to the Climate Initiative, we think

about air quality and efficiency of our system really hand in hand. And you're looking at two different strategies. First, there are VMT reduction strategies, like our investment in WMATA and our investment in the Purple Line to give people those choices, alternatives. And then there are initiatives like this, as well as the one that we have on 270 where we're looking to really maximize the efficiency of our system and manage that congestion much better.

The challenge that we're seeing, and I'll add onto some of the comments about the surrounding system, the real benefit that's really unrealized on something like the ICC is the amount of traffic that it took off of 28, 198. Since the ICC, many of us are traveling around this State using things like Waze and Google Traffic to navigate. And when you hit those congested areas, and the American Legion Bridge is congested for four miles, for four hours a day, when you hit those congested areas it takes you into those neighborhoods. It takes you into the neighborhoods where the kids are playing. It takes you into neighborhoods where pedestrians are just not used to seeing the amount of traffic --

TREASURER KOPP: It takes you into my backyard.

MR. SLATER: Absolutely. You know, when you look at areas, the Comptroller referenced Takoma Park. You know, the amount of traffic that's going through Takoma Park because they are trying to bypass Beltway congestion or they are trying to bypass that capital region is just amazing. And we really

want to, what we want to do is be able to get that traffic back onto the interstate system, get that truck traffic back onto the interstate system. Because trucks going through those neighborhoods are a completely different issue all together.

TREASURER KOPP: So what, understanding that, the statement says that there's going to be more emphasis on public transit, transit oriented development, zero emission vehicles, innovative efficiency strategies, and other solutions. So the question is, how do we, maybe it will come from this study, how we know that whatever proposals you all are making for the highways, whether it's 495 and 270 or elsewhere, are being made within the context of this shared goal and understanding? Will that be part, not just the traditional NEPA or MEPA process, but this new step forward to adopt these goals, which are critical to address the impact of climate change? How will we be able to see that what you are proposing here and through this process is being seen within this context and these goals addressed through it?

MR. RAHN: So our focus is on a balanced transportation system. Not just highways, right? It's transit. It's pedestrian. It's bicycles. It's all of those things. And we are actively engaged in providing an infrastructure that supports electric vehicles. The concept of --

TREASURER KOPP: Right. Is that going to be part of this?

MR. RAHN: That won't be there.

TREASURER KOPP: It's not this.

MR. RAHN: We are doing that separate.

TREASURER KOPP: I mean this --

MR. RAHN: Right. Whichever you are pointing at. So that is not necessarily a part of what we are looking at. But we will within the --

GOVERNOR HOGAN: It's been a part of our higher --

TREASURER KOPP: But could --

GOVERNOR HOGAN: -- balanced transportation plan for four years, which is why we've done --

TREASURER KOPP: Right.

GOVERNOR HOGAN: -- more than 48 other states.

TREASURER KOPP: You have done. I --

GOVERNOR HOGAN: We could have our Environment Secretary maybe come up and talk about all the different things we've done in that regard and how --

TREASURER KOPP: But I think there is a way of looking at --

GOVERNOR HOGAN: We could talk about --

TREASURER KOPP: -- even highways and widening highways --

MR. GRUMBLES: Right.

GOVERNOR HOGAN: -- energy efficient vehicles and electric vehicles and --

MR. GRUMBLES: Just --

GOVERNOR HOGAN: -- transit and whatever --

MR. GRUMBLES: Just very briefly, Ben Grumbles, Maryland Secretary of the Environment.

TREASURER KOPP: Welcome back.

MR. GRUMBLES: We're proud of the partnership with the Department of Transportation. You're asking questions about the Transportation and Climate Initiative. You'd better believe that a fundamental part that got the nine states and the District to reach the agreement, which was announced yesterday, to design a Transportation and Climate Initiative is premised on the fact that each sovereign jurisdiction needs to meet the needs of its citizens through a balanced portfolio of solutions. And one of them is congestion relief, because congestion relief and pollution relief go hand in hand.

The other point is that when you add the roads and --

GOVERNOR HOGAN: In fact, it would be very hard to meet our climate change goals without relieving congestion.

MR. GRUMBLES: We have to focus on that as one of the major solutions. But in addition to that, the big push for clean cars and efficient transportation, on the clean car front a very key component of the Transportation and Climate Initiative is to fight back on any potential rollbacks at the federal level under the Federal Clean Air Act. So the Governor and his administration

pushing hard to ensure that Maryland and the other dozen-plus states that are part of the cleaner standards for cars not roll back is going to be a really big part of it.

So it's more than just transit. It's a combination of transit and other needs. And so that was the fundamental agreement reached among the jurisdictions in saying we're going to design a way to get more efficient and effective and less pollution. For us in Maryland, it also means continuing to work closely with the Port Administration, transportation electrification not just on the highways but in connection to the ports. So I really appreciate the question. Because it underscores that it takes a lot of different strategies. One of them absolutely has to be congestion relief. And I know that Maryland and other states are going to make sure that that's on the table when we're looking at strategies to agree to that sense of urgency that we need to reduce emissions from the transportation sector, coupled with transit, coupled with smart roads and clean cars, congestion relief.

TREASURER KOPP: Thank you. So again, when we look at, and I am not sure still what the $90 million is being spent on. But when it's being spent on these studies, including the going beyond NEPA, will it be within the context of how widening or improving the highways themselves are being seen within this context? I mean, there are modern, there are things you can do with roads beyond simply widening or adding even a toll lane that are aimed at the goal of reducing adverse environmental impact --

GOVERNOR HOGAN: Right.

TREASURER KOPP: -- and making, and my question is, is that what is going to be addressed --

GOVERNOR HOGAN: When we're talking about adding capacity it's not necessary widening, by the way. It's just one of the things they are studying.

TREASURER KOPP: Yes. Yes. Right. Exactly. Yeah.

MR. SLATER: Absolutely. There are a variety of things. And part of the challenge for us is we're putting it out as a strategic goal, or really a strategic, we're giving the private sector limits on what they can do and challenging them to bring those innovations forward within that system.

TREASURER KOPP: See, all we have is a page --

MR. SLATER: Sure.

TREASURER KOPP: -- less than a page saying let's spend $90 million to do a general engineering contract, including planning, development through solicitation, final design, and construction. That doesn't tell us anything regarding that.

MR. RAHN: So and let's see if I can explain what this role is of the GEC. They are part of the team. So they will be acting on the part of MDOT as our partner in order to design the procurement, to help us design the procurement, to provide the engineering information necessary for the private

sector to prepare their bids. They will then be with us through the process of construction, representing us. They are not going to design the construction. They are not going to do the construction. They are to be our, they are going to represent us as MDOT through the construction process and then through, into the design process. So they are our team and they will be with us going through the various phases of this, of the program of TRP. So they are with us at the table representing Maryland in this procurement and ultimate design.

TREASURER KOPP: Right. But we still don't know, regarding the issue that I said, of how it's within the context of these concerns, what the -- they are representing us. They are representing you. But we don't know what the representation, what the context is, what the directive is in this regard except to spend up to $90 million.

GOVERNOR HOGAN: But we know what the NEPA process requires, what the MEPA process requires --

TREASURER KOPP: NEPA is --

GOVERNOR HOGAN: -- we know, we know that, you know, what our, what Secretary Grumbles just talked about. We know all the things that we've already committed to as a State and we know that that's what all of this, that's what this study is about. We can't tell you what the final result of the study is when we haven't done the study. That doesn't make sense.

TREASURER KOPP: So the study will be in the context of these goals and we'll be able to see before we vote -- what's our next vote?

MR. RAHN: There will be the adoption of a pre-solicitation report that will come to BPW probably the latter half of --

TREASURER KOPP: And that's the one where we'll have to vote whether it's a P3 or not?

MR. RAHN: That's whether it's a P3 or not.

GOVERNOR HOGAN: Right.

MR. RAHN: One of the key contributors in this program, if it makes it through, you know, successfully the NEPA process, the way it's different than just simply adding lanes is that the expectation is of dynamic pricing to keep the cars flowing. That's huge. And we can, in fact we will, include within our solicitation we will ask what the concessionaires, based on your concerns right here and I think it's a good concern, we will include in that, we'll ask them for their proposals on how they help us meet the TCM.

MR. SLATER: Madam Treasurer, I may add, you know, maybe a little bit of a transportation perspective, what Secretary Grumbles was talking about is the solution for that, the answer for that, doesn't lie in one project or another. It lies in the system as a whole and how our highway system connects to our arterial system that we're upgrading with smart signals and how we're developing --

TREASURER KOPP: Yes.

MR. SLATER: -- technology and building that on. So it's this P3 as part of the program and how it all connects together.

TREASURER KOPP: That's what I'm asking.

MR. SLATER: So I think we're in agreement.

TREASURER KOPP: Thank you. And you all have said you're not taking new land, is that right? I saw in the paper. Is that --

GOVERNOR HOGAN: Well it said it wasn't our current proposal to do any of that because we haven't studied, or even whether they are going to widen or not.

MR. RAHN: We're committing to not take homes and that our intentions are to stay within the existing right of way. And when I say intend, I just have to, there are, the little pieces where for instance Greenbelt wants a new interchange to get to their area. To build an interchange over to them, we would have to go outside of the right of way. But we are directing the concessionaires that their proposals need to be within our existing right of way. And so we are doing, I mean, we are limiting the impacts to adjoining properties. And that is very difficult in our very first phase, where you get around Holy Cross Hospital, LDS, and all those areas. It's really tight. So it's going to require some innovative engineering --

TREASURER KOPP: That's where I've heard a lot of concern.

MR. RAHN: -- on the part of the concessionaires on how they are going to fit this in. We know this. They know that. But we need to be fully knowledgeable when we're at the table talking to the concessionaires about their designs that we actually have the same ammunition that they have.

TREASURER KOPP: Okay. And this is a five-year process? The study?

MR. RAHN: They would be on --

TREASURER KOPP: Just the study?

MR. RAHN: So no. They will be our general engineering consultant --

TREASURER KOPP: So --

MR. RAHN: -- for the five years of that contract.

MR. SLATER: Absolutely. Absolutely. So this is a five-year, up to $90 million, not to exceed $90 million contract.

TREASURER KOPP: Right. And what is, again I only have a page and a half. It doesn't have this backup.

MR. SLATER: Sure.

TREASURER KOPP: What is the expenditure, what's the roll out?

MR. SLATER: So, you know, what this team will do is really look at some of those engineering solutions on how we can, and strategize to keep those solutions within the existing right of way. You know, they support us in

being able to do, really more people to help us do additional outreach and collaboration with stakeholders around the area, help us develop those detailed engineering documents that we just have not been able to develop today.

TREASURER KOPP: And what is the timing of all this?

MR. SLATER: So we would be looking for, so our draft environmental impact study, or statement, will not be until December of '19. So all of this will be running parallel --

TREASURER KOPP: A year from now?

MR. SLATER: I'm sorry -- correct.

TREASURER KOPP: So within a year from now you'll have a draft statement for NEPA?

MR. SLATER: Absolutely. So it will be a draft and that will begin our public hearing process. So we'll do more formal public hearings. What we're doing now is we have our public workshops. We're taking all of that feedback and making sure that's influencing the draft document. And then we're going to be out again in the next several months with an additional round of public workshops to collaborate with communities. And this time around we're going to add a little more in terms of location and access.

TREASURER KOPP: I guess you're going to have a big mailing list?

MR. SLATER: Absolutely.

TREASURER KOPP: Can you first of all put us on your mailing list?

MR. SLATER: We sure can.

TREASURER KOPP: And secondly, be kept up to date, I don't know, monthly or bimonthly basis of the progress that's being made?

MR. SLATER: I will take care of that personally.

TREASURER KOPP: Thank you, Mr. Slater.

COMPTROLLER FRANCHOT: If I could just second that. And Madam Treasurer, I want to thank you for your questions because I think they are excellent. And there's a lot of ferment back in the county because of the history of these big projects. And I underline the fact that I'm supporting this contract but you're bringing back something that we're also going to be asked to approve. And to the extent it's environmentally responsible and fiscally responsible, and that it provides the anticipated benefits to our citizens, as the Treasurer was bringing up, you know, there's a time for that.

What I am a little concerned about is seeing some comments in the newspaper as if elected officials are already opposed to this and want to get greater control over it so that they can kill it. That is not a great idea for our folks back in Montgomery County. And I hope that's, to the extent you can do more outreach, as the Treasurer is recommending, I think that's important. Given the --

GOVERNOR HOGAN: I would just remind them --

COMPTROLLER FRANCHOT: -- ferment down there.

GOVERNOR HOGAN: -- of a little recent history --

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: -- when the Legislature passed a bill that we lovingly referred to as the Road Kill Bill, and I vetoed it, and they overrode the veto. And the citizens were so outraged and caused so much commotion about their vote that they had to come back and repeal it the next year. This would be the mother of all road kills and stopping traffic relief. And I believe they would be coming down and throwing bricks through the State House window and they would probably have to change their opposition. So we'll remind them of what happened last time.

TREASURER KOPP: But Governor, there is a need for ongoing conversation --

GOVERNOR HOGAN: But they don't want a conversation. They've opposed it --

TREASURER KOPP: -- because people were recently --

GOVERNOR HOGAN: -- without ever even knowing what it was about or asking any questions.

TREASURER KOPP: No, that's, I'm not going back in history.

GOVERNOR HOGAN: They've said ridiculous things in the paper that aren't true and never bothered to ask the facts.

TREASURER KOPP: They are asking, and I appreciate that you are coming to Montgomery County and I know there are folks in Prince George's who feel the same way, that they don't know what this is all about.

GOVERNOR HOGAN: Right.

TREASURER KOPP: Except building the road. And that's --

GOVERNOR HOGAN: Right. They just know it's about --

TREASURER KOPP: -- transparency --

GOVERNOR HOGAN: -- fixing the traffic congestion and that's what everyone wants. We're going to figure out to do it the best.

MR. RAHN: There was a comment made that we have said our goal is that this will be zero net cost to the State, and then the comment, well, this is a $90 million contract. And so I think it's important to understand what our plans are is that we are looking for concession fees to be paid by the concessionaires in the P3, similar to what was offered on that second phase of I-66. A concession fee was an upfront payment by the concessionaire to the State. Our goal is to have our expenses reimbursed to us through these concession fees so that when we go through this process it will be a zero net cost to Maryland.

TREASURER KOPP: To --

MR. RAHN: To MDOT and Maryland.

TREASURER KOPP: Except through the tolls.

MR. RAHN: Pardon me?

TREASURER KOPP: They will pay through tolls.

MR. RAHN: They do a calculation.

GOVERNOR HOGAN: The ones who decide they want to ride on it.

TREASURER KOPP: Yeah. Right.

GOVERNOR HOGAN: The rest of the roads, as they are now, will still be free.

MR. SLATER: What's free today will be free tomorrow. The other thing that we do is we do a cost benefit analysis where we take, we calculate the value of time and fuel cost savings associated with our congestion relief studies. Our initial high level one for this one realized about $7.8 billion gained in saved time and fuel costs by the citizens over the first ten years of implementation.

TREASURER KOPP: Well that I assume is part of what we're going to see --

MR. SLATER: Absolutely.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Any other questions on the Transportation Agenda?

COMPTROLLER FRANCHOT: No. I would move approval unless there are questions.

GOVERNOR HOGAN: Is there a second? I'll second. The vote? All those in favor? Aye.

COMPTROLLER FRANCHOT: Aye.

GOVERNOR HOGAN: All those opposed?

TREASURER KOPP: I --

GOVERNOR HOGAN: Two to one.

SECRETARY MCDONALD: Item 33, you are abstaining or no?

TREASURER KOPP: I'm abstaining.

SECRETARY MCDONALD: You're abstaining on 33.

TREASURER KOPP: I'm skeptical but I appreciate the direction you're going.

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

MR. CHURCHILL: Yes, good morning, Governor, and Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for General Services. The department has 56 items on our Agenda, including one supplemental. We are withdrawing Item 29. We'll be glad to answer any questions you may have at this time.

GOVERNOR HOGAN: All right. We have some folks signed up for Item 56.

SECRETARY MCDONALD: -- right now because --

GOVERNOR HOGAN: Yeah. And the Lieutenant Governor is going to take over for me because I'm an hour late for a meeting. So thank you.

MR. CHURCHILL: Item 56, we have Assistant Secretary Wendy Scott-Napier with Real Estate. We also have members from Columbia Gas present.

MS. SCOTT-NAPIER: Good morning. Good morning, Lieutenant Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. SCOTT-NAPIER: -- Comptroller. Wendy Napier, Assistant Secretary for Real Estate.

SECRETARY MCDONALD: Just one minute --

MS. SCOTT-NAPIER: Okay.

SECRETARY MCDONALD: Thank you.

MS. SCOTT-NAPIER: So I would like to introduce Pat Roddy --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. Good afternoon.

MS. SCOTT-NAPIER: -- who is here to speak on this item today.

MR. RODDY: Lieutenant Governor, Mr. Comptroller, Madam Treasurer, with your permission I have some material that may help make my presentation more succinct.

SECRETARY MCDONALD: You --

MR. RODDY: Yes, ma'am. Thank you, Sheila. I appreciate it. For the record, I'm Patrick Roddy, partner with Rifkin Weiner, and I'm here today on behalf of my client Columbia Natural Gas to ask this Board in its role as the authority over State real estate to grant to my client a 20-foot easement through State property.

This easement is for the passage of an eight-inch natural gas pipeline that is part of a 3.5-mile short pipeline that will connect natural gas resources from pipelines in Pennsylvania to West Virginia. This item has been gone through extensive review by both the Department of the Environment and the Department of Natural Resources. For your information, tab one in the presentation is a map of the pipeline, and again it is 3.5 miles in Maryland. All other Maryland landowners, private and the Town of Hancock, have already agreed to easements through their property for the passage of this pipeline.

I would like to ask you to turn to tab four, which is a letter from the Department of Natural Resources to the Department of the Environment. Of note for the Board members is paragraph number one, at the bottom of page one of tab four, where the department indicates that they support the construction methodology that my client has proposed, which is to use horizontal directional drilling to pass more than 100 feet under the Western Maryland Rail Trail for approximately a length of 20 feet. Also paragraph four on the next page which indicates that the Maryland Geological Survey has reviewed the plans and

reviewed the geological content of the area of the proposed easement and found that karst does not have a definite presence and that the Maryland Geological Survey finds that the plans that my client has presented, both to the Department of the Environment and to the Department of Natural Resources, are adequate in case karst is found.

Lastly on the next page, paragraph six, where the Park Service of the Department of Natural Resources indicates that they will impose upon my client conditions through the easement which will minimize, and in fact make certain, that there are no impacts from construction or operation of this pipeline to the users of the Western Maryland Rail Trail. Those conditions are part of the easement agreement between the Department of Natural Resources and my client, which is before you for approval today.

In addition the Department of the Environment in the wetland and non-tidal permit has imposed an additional 23 conditions on my client for the, in order to provide for time of year restrictions for construction, for extensive reporting, future approvals, both of construction and operation of this facility in Maryland land, and for monitoring during construction. That non-tidal wetland permit when it was issued gives my client the permission to cross under the Potomac River. So that is not an issue before this Board today. In fact, that non-tidal wetland permit had a year in which it could have been appealed to a Maryland court. No appeal was entered for that non-tidal wetland permit. And so

that permit to allow my client to cross under the Potomac at a depth of over 100 feet for this eight-inch pipeline is now final.

In addition, the other reason we are here is because the Federal Energy Regulatory Commission has issued to this entire short 3.5-mile project a certificate of convenience and necessity. They did that after an extensive environmental review, which included an environmental assessment that found that there was a need for this facility and that that need, the way that that need could be addressed in the least impactful way was the route which was chosen and authorized by FERC, the 3.5-mile route through Maryland.

So we are here today for asking your permission to enter 20 feet of Maryland State property, 100 feet below the Western Maryland Rail Trail. And we would submit to you based on the documents I have submitted that Maryland regulatory departments and -- the Maryland Department of the Environment as a regulatory department and the Maryland Department of Natural Resources as the custodian and steward of public lands, have extensively looked at this application, have approved it, and have forwarded it to you for your approval.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Any questions?

TREASURER KOPP: We obviously just saw your material and I apologize for not having it before.

MR. RODDY: I apologize, Madam Treasurer. I briefed staff before but I apologize for not reaching out directly to you. I'm sorry.

TREASURER KOPP: But it's always a pleasure to talk to you. There are letters from both the District of Columbia government and the Montgomery County government of about a year ago expressing their concerns.

MR. RODDY: Yes, ma'am.

TREASURER KOPP: That you've seen?

MR. RODDY: Yes, ma'am.

TREASURER KOPP: So I guess my question is, from your perspective have these, or maybe the Secretaries, have these been answered through --

MR. RODDY: From our perspective, they have, ma'am. The Department of the Environment held in fact two public hearings --

TREASURER KOPP: I guess --

MR. RODDY: -- on their wetland permit. At that open public hearing, which lasted several hours, the department's hearing officers heard all these concerns and the letters that you address were entered into the record. Again significantly --

TREASURER KOPP: But are there responses, I guess maybe from the department, are there responses to these letters and the follow up that show that the concerns about blow out and all of this other stuff has been answered?

MR. GRUMBLES: We feel that we adequately addressed the concerns of those constituents downstream and around. We're very proud of the fact that that permit that was issued had extensive requirements relating to construction and prohibition against additives in the drilling fluid, speaking to potential concerns about drinking water contamination. We added 23 specific safeguards and conditions that do speak to the concerns that were raised by those constituencies, the downstream jurisdictions and the citizens. We included a requirement to report to the Department of the Environment within one business day any, any citizen complaint reporting gas leaks or other releases from construction or operation of the pipeline. We also included a requirement for pre-construction and post-construction testing of all wells within 500 feet of the workspaces for well yield and water quality and corrective actions in the event of damage or degradation, 23 specific additional requirements. I'm not here to defend the pipeline. I'm just here to answer questions about and defend the safeguards that we included in the extensive State permit that was issued by MDE.

MR. RODDY: Lieutenant Governor, in conclusion, my client, Columbia Gas, currently operates natural gas pipelines through a number of State properties, has done so for decades, including under the Torrey C. Brown Rail Trail, under the Little Gunpowder River, through the Rosewood State Hospital property, and through the Garrison Forest Veterans Cemetery. They have been

good stewards of these easements and they have been, they were particularly sensitive in construction through these important State properties. So based on that record I believe that the reasonable course based upon the recommendations of your department would be to grant my client an additional 20 feet of easement in State property because of their management record in the past.

LIEUTENANT GOVERNOR RUTHERFORD: Any questions?

COMPTROLLER FRANCHOT: No. Are there other witnesses?

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

MR. RODDY: Thank you, Mr. Lieutenant Governor. Thank you, members of the Board.

LIEUTENANT GOVERNOR RUTHERFORD: And we have a couple of additional witnesses and I guess going from the top, I guess Mr. Roddy was representing Columbia Gas. Are the other people from Columbia Gas? Is that --

SECRETARY MCDONALD: We wrote the names that Mr. Roddy had given. Mr. Roddy, you had a few other names that you called in?

MR. RODDY: Lieutenant Governor, they were here to answer any supplemental questions.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MR. RODDY: Columbia Gas' presentation is complete.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. I just wanted to clarify that.

MR. RODDY: Thank you, Mr. Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: And it says Josh Tulkin.

SECRETARY MCDONALD: Now you can't say it was your first time in front of the Board of Public Works.

MR. TULKIN: This is my second time --

(Laughter.)

MR. TULKIN: -- hello. My name is Josh Tulkin. I'm the Director of the Maryland Sierra Club. This is my second time in front of, my first day, my second time. For the record, Sierra Club represents 72,000 members and supporters in the State of Maryland and we are here to urge you to strongly reconsider or defer the granting of this easement.

First I want to submit for the record a petition on behalf of our members, about 750 people, and a letter --

SECRETARY MCDONALD: Thank you.

MR. TULKIN: It's about 22 pages so I'm happy to submit a digital file as well. So speaking of climate change again, climate change is a very significant threat and the expansion of fossil fuels, particularly what is known as natural gas, we refer to it as fracked gas, poses significant environmental risk.

The gas in this particular case would be coming from Pennsylvania, largely from wells resulting from hydraulic fracturing, a process that Maryland recognized as a significant environmental threat and had the wisdom to ban last year or the year before last.

The parent company, TransCanada, related to Columbia Gas, has a record of significant spills. We believe that this particular pipeline carries risk to our water supply. It would run under I believe it's ten streams and 17 wetlands. When looked at just in the Maryland section, it was mentioned that the pipeline is only 3.5 miles but it's actually connecting a pipeline that is I think -- I'm going to have somebody else quote the figure, but 25 miles all together. So it's really I think inaccurate to view the environmental impact just as this particular piece.

Most notably the gas is not coming to Maryland. So we're not receiving an economic benefit. This is not filling a particular need. This is not Marylanders clamoring for more gas supply. This is not helping with the transition in Maryland from coal or gas or anything like that. This is a pipeline that would be going through Maryland underneath Maryland State property. And the environmental risk is absolutely present. The National Park Service is still exploring the risk to the C&O Canal. Dozens of environmental organizations, thousands of people, and more than I think a dozen municipalities raised significant concerns during the environmental review process. With credit to MDE, they did hold several public hearings and took significant comments. But I

would say that the concerns that we raised in terms of the risk of drilling through karst geology, the risk of spills, maybe have been mitigated but have certainly not been addressed. So to, it was argued earlier that the pathway of this particular pipeline has the least environmental risk. We cannot settle for the least environmental risk, especially for a pipeline that is not bringing a direct benefit to Marylanders. The pipeline has environmental risk. Least environmental risk does not mean no environmental risk and we believe that the State can make a determination that this is not in the interests of the State or its property in granting this easement. So we encourage you to not grant the easement. There is significant additional information that I know has been sent to all of your offices. I'm happy to answer any questions if you have any.

LIEUTENANT GOVERNOR RUTHERFORD: Yes?

COMPTROLLER FRANCHOT: Yes. Who is the pipeline going to benefit?

MR. TULKIN: So the pipeline -- if I can pause, there are several other people testifying who I think may be able to answer in some more detail on that question. So I'm happy to see if any of my colleagues --

VOICE: (Indiscernible).

SECRETARY MCDONALD: If somebody is going to speak, they need to actually be called and they need to be at the podium.

MR. TULKIN: I apologize.

TREASURER KOPP: West Virginians.

MR. TULKIN: Would that be appropriate, for --

SECRETARY MCDONALD: Well she can, I mean, come up. But she can't speak from the audience. We have a court reporter here.

COMPTROLLER FRANCHOT: Yes, come up.

SECRETARY MCDONALD: Just introduce yourself. That's all I --

MS. HARPER: I'm Brooke Harper, Policy Director for Chesapeake Climate Action Network and the Maryland State Conference Political Action Chair of the NAACP, and resident and citizen of Washington County. So the pipeline, as you said, would serve residents in Berkeley and Jefferson Counties. Originally it was slated for economic development in Jefferson County, which is one of the most thriving counties in West Virginia and also one that does not have natural gas like several of the other counties in West Virginia. Residents in West Virginia also just recently found out that the second extension of the pipeline is to serve the Rockwool facility, which in Maryland the Towns of Keedysville, Brunswick, and others have objected to in Frederick because they don't know the impacts of the pollution. So that's what it's going to serve: one, a toxic company in the middle of rural West Virginia, and the most heavily populated African American portion (indiscernible) into West Virginia, and one of the most low income communities.

So as Josh was saying, even though it's the least environmental risk, which actually isn't through because it's going through karst geology, I know there were several geological reports that were done but we don't have substantial evidence that there is not karst geology because those surveys haven't been done. So what they are saying is we don't know what the risk is because we don't actually know if there is karst geology and have not definitively said. I'm sure Mike Walls, who will come up here in just a moment, will say that if you look at where other pipelines are constructed that you can see that they, the gas companies carefully avoid karst geology in order to mitigate the risk. And I'll turn it back over to you or --

COMPTROLLER FRANCHOT: If I could just follow up --

MS. HARPER: Sure.

COMPTROLLER FRANCHOT: -- I think that's excellent commentary and I take it you agree with the previous speaker that this doesn't directly benefit Maryland, that perhaps some construction jobs but we're really doing it for --

MS. HARPER: For West Virginia residents.

COMPTROLLER FRANCHOT: -- a manufacturing plant in West Virginia? Is that --

MS. HARPER: A manufacturing plant in West Virginia that our local municipalities have written in in opposition because they are scared of the

air effects. And I more just want to talk to you all as a citizen. It is a year ago today that we held the first public hearing and the reason why you had to hold two public hearings on this issue, days before Christmas, was because so many residents had come out from their community, days before Christmas, sat there for hours and hours and hours, and told story after story, of how they want to protect our land, how they want to protect our water. And all of the concerns were not heard. We met with the Maryland Department of the Environment last June and asked them to do what the State has authority to do, which is a full Section 401 under the Clean Water Act so they could look at what are all the impacts to our water. And not just Montgomery County and Prince George's County wrote in. It was also my town of Hagerstown, Maryland, the Washington County Commissioners, the Town of Boonsboro outright opposed it, Prince George's, Montgomery County, Frederick County, and we asked for that 401 and we never were able to receive it. Maryland Department of the Environment actually waived its authority to do that and to intervene in a way that we would have complete information.

And just speaking on behalf of the residents in my community, we don't want this. We fought so hard for a fracking ban and I thank your administration for coming out in support of that. I fought really hard on that campaign to protect my family that's out in Western Maryland and also to protect my own home. And the day that it came out, the support for the fracking ban, I

can't tell you the relief that I felt to know that my family and my community were going to be safe and to have it happen only a year later, that that's just not true anymore. And we have to worry about is our drinking water going to be safe?

We had a spill from the Luke Mill. It was a latex plume coming down the Potomac River. The way that I found out about that was that I actually went onto the Washington County Water Department to pay my bill, and that's how I found out about the spill. We don't have the infrastructure to replace our water. I believe Smithsburg, the municipality of Smithsburg, was here asking for funding for that, too. We don't have the infrastructure to replace our water systems if a blow out were to happen. Why are Marylanders taking all of the risk for this?

I sat in a hearing in West Virginia for the second extension of that pipeline. There were so many citizens that came up and I need to speak for them, too, although one of them is here, that said they don't want this. And if this facility is built, a man with a health mask came up and said he will literally not be able to live in his home anymore if this pipeline goes through and this toxic facility is built. People are scared for their water.

This administration has a responsibility to stand up. Governor Hogan and Governor Northam just recently wrote an op ed about how it is up to the states to lead on climate change. And you said our most important job is to ensure the safety of our constituents. So when we face a threat to people's

livelihood and way of life, showing leadership means acknowledging the risk and addressing it. One, the risks have not been acknowledged in an adequate way. I know that there was 22 conditions that were added. Unfortunately we don't have the authority to oversee those things. The people in Hancock are already troubled with water problems. And so adding this onto it, it's a risk that we don't need to take for our climate and for our community.

I grew up on the Potomac River. I don't want to see it tarnished in any way. I don't want to see my drinking water impacted. And I ask that you stand with all of the municipalities and all of the citizens and businesses and homeowners in Washington County and for our neighbors in West Virginia and let us have a voice and to deny this easement, please.

COMPTROLLER FRANCHOT: Yeah. I want to thank you for being emotional. Because I've been here for three and a half hours --

(Laughter.)

COMPTROLLER FRANCHOT: -- and I'm just about numb.

MS. HARPER: Well I know --

COMPTROLLER FRANCHOT: And, you know, I was feeling sorry for myself. But thank you for communicating --

MS. HARPER: Well I just got my little Facebook time hop where I realized it was a year ago today that we were at that hearing. And it's a lot to

fight these fights and to preserve your community and I hope that you all will aid us in this fight.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Can we hear from Cynthia Peil? I hope I pronounced your name correctly. Is it Peil, P-E-I-L, Cynthia is the first name. Yes.

MS. PEIL: Yes, it's Cynthia. And I pronounce the last name Peil.

LIEUTENANT GOVERNOR RUTHERFORD: Peil. I'm sorry.

MS. PEIL: I live in Calvert County. We're surrounded by water and cherish it. And we thank Maryland for the money and the time and the effort they have spent over the years to keep the waters clean and to clean up the Bay. And I recognize also that the Board of Public Works is very concerned with finances for the State. And I was puzzled, I haven't had the chance to look through all the documents on this, but I didn't see any cost analysis done. And what would happen, what would be the cost to the State of Maryland should the water supply be compromised, and should something happen to the rivers and to the Bay? All the watermen that work there, all the people that earn their living from recreation on the Bay, and just all the people that enjoy that water. So I'd like to request that some sort of cost analysis be made, be done, and be made available to the public so that the public has a chance to know what kind of risk would be held should that pipeline have to be built through the Potomac River.

I know the U.S. Department of Transportation tracks pipeline information at its Pipeline Hazardous Materials Safety Administration website. And just taking a brief look on that, they do analysis both nationwide and they make it specific to states. And just little bit of digging on there says that the public pays the cost of half of all incidents that happen concerning pipeline difficulties. So the type of, some of the types of incidents they talk about certainly do include leaks. And in Maryland, as reported in 2017, there were 425 repaired leaks for every 1,000 miles of pipeline. So we have a lot of pipelines in different places going through the State. There were also 48 leaks that were reported but not able to be repaired. So that lets us know there are a lot of leaks. And again, that was just for 1,000 miles of pipeline. There are a lot of leaks. Some are repaired and some are not repaired.

PHMSA also tracks injury and death but I couldn't find that information for the State alone. Another problematic thing when I looked at the website was the information they provide on worker training. It said that 30 percent of the inspectors haven't yet completed whatever it is that they call basic training. And that may be because less than 50 percent of their inspectors of these pipelines have five or more years of experience. There is this feeling, and we're told, you know, everything is going to be inspected. I heard people talk about the building of the pipeline but I didn't hear much information about what happens

after it's built. How do we know it's not leaking all there underground and we don't know about that until after it's too damaging to repair anything?

They also had a section that talks about recommendations and those were posted more annually. And the most recent recommendation was best practices as outlined should be followed. So that makes me think apparently best practices, which are talked about a lot and none of us know a lot about, but they probably aren't being followed or they wouldn't have to put that recommendation out there for everybody.

So what would be the financial cost to Maryland should that water be compromised? I mean, I can't begin to know what it would be. But I think that before anything should ever be considered that that should be very carefully looked at and considered. And I think that if that analysis was done, we would see that the cost would just be too great and that that permit should in fact be denied. As it's been stated, there's no cost benefit to Maryland. If we don't know the cost of a problem, then we shouldn't proceed with it.

Thank you so much.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I have a question for Secretary Grumbles. Maybe he can come back. There's been a couple of comments about the potential for leakage of the pipeline. What is the impact of leakage? And I know you, well I don't know if you're an expert in this or not but, you know, I know there was a request for some additional study. What

is the impact of natural gas leakage on water? I mean, we know oil as a liquid substance has a negative impact. But what is the impact of natural gas on the water supply?

MR. GRUMBLES: So leaks of any kind are not good. Leaks of sewage are more destructive to water quality --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. GRUMBLES: -- or other types of toxic chemicals. For us, the larger risk of the pipeline was the actual construction of it and the impact on wetlands and waterways, which is one of the reasons we included the provisions. We also take very seriously the potential for leaks or blow down processes where emissions occur, because methane is a greenhouse gas emission. In consultation with the Interstate Compact Commission for the Potomac River Basin and with others, we viewed our regulatory team, our water team, water and science team, viewed that the impact of leakage into the water of natural gas is not as significant as other types of risks. So we do have provisions included in the permit that call for reporting of any potential spills or leaks because downstream water quality and water quality in the area is important to all of us. But the major risk that we were looking at was the construction, the stormwater, the other types of impacts, and also wanting to make sure that if there were leaks from the pipeline itself into the air, or underground, underneath the Potomac into the water, that we would be notified by that. But it's, a risk analysis indicated that that's not as significant of a

risk as some of like the many types of pipelines that cover, convey sewage or other types of pollutants. That is a top priority for us in protecting the Potomac.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

TREASURER KOPP: How do you see approving this fitting in with our ban on fracking?

MR. GRUMBLES: How does the approving of this pipeline, this interstate pipeline fit in with approving our ban on fracking within the State of Maryland?

TREASURER KOPP: No, on fracking.

MR. GRUMBLES: On fracking.

LIEUTENANT GOVERNOR RUTHERFORD: Well the ban is within the State of Maryland.

MR. GRUMBLES: Well yeah --

TREASURER KOPP: Our ban only extends within the State of Maryland --

MR. GRUMBLES: Right.

TREASURER KOPP: -- but it's based on concern about the impact of fracking, I assume.

LIEUTENANT GOVERNOR RUTHERFORD: But I, no I think it's based on the impact of fracking within the State of Maryland.

MR. GRUMBLES: Two things I would just say, Madam Treasurer. One is the focus of the debate on the proposals to explore and construct fracking operations in the State of Maryland was based absolutely on the impacts to Marylanders, air, water, land, the potential risks outweighing any potential benefits. That's what led to the ban.

The other point though is recognizing that we are surrounded in a region where pipelines are delivering natural gas from multiple states. Marylanders use natural gas. There are environmental benefits to the use of natural gas compared to coal. And we also recognize, as you know as a member of the Climate Change Commission, that it's important to be tracking emissions of methane from fracking operations in the region. And so we do want to compile information on methane emissions from fracking in the region. But in terms of the pipeline, our view was focused on will this comply with the Federal Clean Water Act and with State laws relating to the construction and operation of the pipeline through the State of Maryland?

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Leslie Garcia. Is Leslie Garcia available?

TREASURER KOPP: It is the same air.

MS. GARCIA: Hello, my name is Leslie Garcia. I live in Calvert County. I just totally object to this thing. We heard the first couple of gentlemen came up and were supporting this, promoting it. And all I heard was adequate.

Adequate is not okay. Adequate is not enough for what they want to do. I think it needs to be much, much better than that. You've got to have superb, something that they can defend. And that to me is just defenseless. I think we need better.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Brent Walls?

MR. WALLS: I'll just rotate this up. There we go. Can you hear me?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. WALLS: Excellent. My name is Brent Walls. I am your Upper Potomac Riverkeeper. We are a nonprofit organization that protects the public's right to clean water. And I think that is essentially what we've been trying to express for the past two years on this campaign.

For two years we have been trying to educate and have been educating the public. We've been educating the local elected leaders, our State agency, and even the federal government. And unfortunately I think most people in here can agree that the Federal Energy Regulatory Commission has never denied a pipeline. So in our view, they are pretty much just a rubberstamp process. Although we have expressed and submitted letters, thousands of letters, to the Federal Energy Regulatory Commission requesting the full environmental impact statement, they have denied us. And then we also expressed and appealed to the Maryland Department of the Environment to do and require a full

environmental impact assessment. And the reason why that is is because it's been brought up earlier.

This pipeline project has been divided into two sections very strategically. One section, only 3.5 miles, it crosses the Maryland State, which is federal because it crosses state lines. And then a more than 50 miles of proposed pipeline in West Virginia. Both projects are required to operate with each other. So if you have, if you don't have one, the other one is not going to be operating. They are dependent on each other. We felt that because of that dependence, that the Maryland Department of the Environment due diligence should have been to require a full 401 certification process and require a full impact statement. That did not occur.

Now I do, I do thank that the MDE did put in those conditions, those extra 22 conditions. However, those 22 conditions may just be for the construction process. And we've been talking about during the construction process and it's been brought up about blow outs and blow outs during the construction and the drilling process. First off, drilling has not been used under the Potomac River. This hydraulic directional drilling process has not been used under the Potomac River. It has not been used in the Ridge-and-Valley area, which is where Washington County is. It's called the Ridge-and-Valley. It has not been used in the area and so no pipelines have crossed in that area. Now, yes there are other pipelines in other sections of the Potomac, but not here. And I

have a map right here that also, and one of the reasons why that is is because of the karst geology. There is a significant amount of karst geology. And I can go into that in more detail.

But the pipeline companies, and I have a map here. If I can ask this to be handed over that would be great. It's very hard to make this map. I have a background in GIS. And trying to be able to get the pipeline routes and then overlay that with geological information, you'll find it quite stunning that these are all transmission lines. They have literally avoided the karst geology. The karst geology is in the blue. So the blue that comes across the State --

LIEUTENANT GOVERNOR RUTHERFORD: Which direction am I looking?

SECRETARY MCDONALD: Yeah, I was going to say, which is north --

LIEUTENANT GOVERNOR RUTHERFORD: What is right side up and what is upside down?

MR. WALLS: Well I would look for the --

LIEUTENANT GOVERNOR RUTHERFORD: This looks like a waterway here.

MR. WALLS: I would look for the Maryland border at the top and then --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. This, then this is the border. Okay.

MR. WALLS: There you go. There you go.

LIEUTENANT GOVERNOR RUTHERFORD: It was handed to me this way.

MR. WALLS: See that swathe of blue that comes up diagonally? That's karst geology.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. WALLS: Okay? And that crosses the majority of Washington County. All right? And there is a sliver that crosses exactly right where this pipeline is crossing. So what our goal in educating people on was the fact that not only is the 3.5-mile pipeline a concern, but the rest of the pipeline that goes through West Virginia is a concern. And Maryland should have been concerned about it also. Because anything that happens there will discharge into a river that affects the Potomac River. And it affects people downstream that not only live in Maryland but also Virginia. And so we tried to get the State to do more.

Here we are, the eleventh hour. It is before you. What are the risks? The risks are, that have been brought up, are significant. And they are not just during the construction process. The risks are there post-construction. In karst geology, and we're dealing with this right now, Washington County,

Jefferson County, West Virginia, we have major bacteria problems in private wells. And private wells are not regulated, obviously, just the public systems are.

LIEUTENANT GOVERNOR RUTHERFORD: Excuse me for a minute, and maybe you all know this and everybody else in the room. What is karst geology?

MR. WALLS: Ah. Karst geology, my favorite subject and everyone teases me about that. Karst geology is limestone. It's limestone, dolomite, it's a weathering rock that easily dissolves when it comes in contact with water, groundwater. And when that occurs, it creates fissures, caves, sinkholes. You see the sinkholes in Florida opening up underneath the house? Much of Florida is karst geology, is limestone. It dissolves in water. And what karst geology and the impacts of karst geology is is our water comes from that karst geology in that area. And anything that happens on the ground easily and quickly transmit into that aquifer. And so if there is lots of bacteria or manure spread on a farm field --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. WALLS: -- with karst geology in the rocks, we're going to get bacteria in our well water. And that's my house in Washington County. I have high levels of bacteria and I have to have a UV filter in order to filter out the bacteria.

LIEUTENANT GOVERNOR RUTHERFORD: Well let me ask the similar question that I asked the Secretary. What is the impact, as best as you know, of natural gas being exposed in water? Or in this geology?

MR. WALLS: So that's a really good question. And that's something that we've been trying to express and appeal to the State and educate the public on. When natural gas, it is light, it's a gas --

LIEUTENANT GOVERNOR RUTHERFORD: It's a gas.

MR. WALLS: -- if it finds a way to the surface, it will find a way to the surface.

LIEUTENANT GOVERNOR RUTHERFORD: Right. It will bubble up.

MR. WALLS: Okay? It will bubble up into the water. However, when you're in a karst geology area you have air spaces, large air spaces, where that gas can travel. And so for the life of this pipeline that travels through karst geology, all the residents on private wells, or even some of the public wells that are close to the pipeline, within a mile to two miles, maybe even three miles, will or could be impacted by gas coming into their well. You've seen the faucets being lit on fire in Pennsylvania? Those homes were close to well fracking sites and the gas escaped and went subsurface to their wells and that's how they can light it on fire. The same thing can happen and much further in karst geology.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now that, as bad and dangerous as that is, that still doesn't answer the water question. I mean if, you know, if you could get water out of it, you'd burn off, what is the impact on the water itself?

MR. WALLS: Well so there -- I'm not a chemist.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. WALLS: So I can't really comment on the actual impact. There is some differing ideas as to does it completely bottle up? Does it dissolve?

LIEUTENANT GOVERNOR RUTHERFORD: Because water is a gas. Water is a gas, if I'm not mistaken from my high school --

MR. WALLS: It is a gas but is there components and if it's going to dissolve --

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Right.

MR. WALLS: I would say that there's limited risk of when it gets in the water, the gas gets in the water, it's an immediate risk.

LIEUTENANT GOVERNOR RUTHERFORD: So the bigger risk is probably the flammability of it?

MR. WALLS: The bigger risk is the flammability.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. WALLS: The bigger risk is the safety aspect of residents and homes where the pipeline passes right by. The risk is to people's drinking water wells --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. WALLS: -- as the gas, if it leaks, goes through the karst geology.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That helps, that's helpful.

MR. WALLS: And so, you know, so the risks are significant. We've talked about them in great detail and I hope you understand what karst geology is. I think people in the area are still learning what karst geology is. We have problems with, like I said, bacteria. We have problems with nitrogen. We have what's called the losing stretches of streams in both Maryland and West Virginia. And what that means is part of that streamflow will go subsurface. And several dye trace studies have been done by USGS that when that dye goes subsurface it has ended up in public drinking water only days later. And that means there's a direct connection of whatever happens on the water and on the land to into the ground and into people's wells. So again, the risks are high.

And so I understand that this before you is only about a small parcel of State land. But this is our, one of our last opportunities to put a stop to this project that is not necessary. It doesn't benefit Maryland. It doesn't benefit

actually the residents of West Virginia. It only benefits a couple of industries. That is it.

I was told personally by Mountaineer Gas, who is I would say partners of Columbia Gas in a sense on this project, that this is a redundant backup system for the large facility that is being built by Proctor and Gamble in Martinsburg. So it's a backup system. It wasn't necessarily needed. Only until later it was revealed that we have a Rockwool facility and a couple other potential facilities that might come to town because this gas is there. It's only going to feed some industries that pollute this area.

LIEUTENANT GOVERNOR RUTHERFORD: But doesn't that offset coal in West Virginia? I mean, you know, West Virginia is a coal state.

MR. WALLS: This doesn't --

LIEUTENANT GOVERNOR RUTHERFORD: We burn a lot of coal here too but aren't they going to be using this instead of coal? Or are they? I don't know.

MR. WALLS: No. So not, these industries are only coming to town because of the talk of this gas pipeline coming in. Otherwise they wouldn't be coming in. We have a very, very rich economic driver of tourism in that area and we have a lot of potential for other industries to come in, not polluting large scale industries. And so we feel that these industries are just the receiving end of this catalyst of this pipeline. And so we're, you know, in these industries, both

whether they are in Maryland, in Washington County or in Jefferson County, West Virginia, in that karst area has a lot of risks and a lot of threats inherent because of that, because of karst.

So I think what we're trying to ask you is, we would like for you to deny this. Now the National Park Service has still not made their decision. They are still reviewing the risks. And so in lieu maybe of making the decision today, we're requesting that you defer and wait until the National Park Service makes their decision. Because the National Park Service does have the ability to say no to this project because it is federal land. They cannot be forced by the Federal Energy Regulatory Commission. They cannot be forced by TransCanada or Columbia Gas. They can say no. They can deny it. And so we'd ask that you wait until then.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much.

COMPTROLLER FRANCHOT: When will that happen?

MR. WALLS: They are very good poker players. I could not read their face. I do not know when it's going to happen. They asked us to supply additional information about the risks and things of that nature. So we are doing so.

LIEUTENANT GOVERNOR RUTHERFORD: Patrick, did you --

MR. RODDY: Thank you, Lieutenant Governor. The application of my client, Columbia Gas, in front of the National Park Service is pending. It is my understanding that there is a diagram or a map that is needed to complete the application.

LIEUTENANT GOVERNOR RUTHERFORD: So that could be a ways off, it sounds like.

MR. RODDY: It is pending. There is no time limit on the National Park Service. But we have been, my client has been in contact with them over a number of months supplying information.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you.

MR. RODDY: Thank you, Mr. Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Was there anyone else signed up to speak on this that I did not get to? It says Tracy Cannon, is that who that is? I wasn't sure if she had spoken.

MS. CANNON: Good afternoon. Can you hear me okay?

LIEUTENANT GOVERNOR RUTHERFORD: Yes. And identify yourself, please.

MS. CANNON: I'm Tracy Cannon, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Good.

MS. CANNON: Good afternoon, Mr. Lieutenant Governor, Mr. Franchot, Members of the Board. I very much appreciate --

COMPTROLLER FRANCHOT: And the Treasurer.

LIEUTENANT GOVERNOR RUTHERFORD: And Treasurer.

COMPTROLLER FRANCHOT: Don't forget her.

MS. CANNON: I'm sorry.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: The Treasurer --

MS. CANNON: Treasurer Nancy Kopp.

TREASURER KOPP: I --

MS. CANNON: I'm so sorry. Nothing personal. I very much appreciate you hearing us today.

LIEUTENANT GOVERNOR RUTHERFORD: Sure.

MS. CANNON: I've come here today from Berkeley County, West Virginia, where I've lived most of my life. I was born in Maryland but I moved to West Virginia when I was 18. I know TransCanada and Columbia Gas have a very big voice and they are probably pressuring you. But I've come here to speak for the people of the Eastern Panhandle and of Western Maryland, my friends and colleagues, who I've been fighting the pipeline with for two and a half years now.

This document that was part of your Agenda says that the Board of Public Works will be paid $5,000 for the easement for this gas pipeline in Washington County, Maryland. That sounds like a lot of money for a small piece of land, right? Well, let's look at the whole Eastern Panhandle expansion project pipeline. This is not just a 3.5-mile long pipeline inside the State of Maryland. The companies building the pipeline would like you to see it that way. They wanted to divide the pipeline up into parts so the FERC would never have to do an environmental impact statement.

There are three parts to the whole. The start of the pipeline would be just inside of Pennsylvania in Bethel Township in Fulton County, just north of Hancock, Maryland. The pipeline would travel west of Hancock, Maryland, under the Western Maryland Rail Trail, owned by the Board of Public Works, and under the C&O Canal Park, and then under the Potomac River. The middle part of the pipeline is mostly complete in the Eastern Panhandle of West Virginia, between the towns of Berkeley Springs and Martinsburg. If I may bring you a map?

LIEUTENANT GOVERNOR RUTHERFORD: Sure.

MS. CANNON: Thank you. You'll notice that in the upper left hand corner is Hancock, Maryland, and all the way over on the other side of the page is Annapolis. But I'm here to tell you, Hancock may seem a long way away,

but what's coming from Hancock and what's coming from the Eastern Panhandle of West Virginia will reach you here in Annapolis.

The residents of the Eastern Panhandle would only get gas service. It was stated earlier that West Virginia residents would get gas service from this. But that is only true if they can afford to run the line from their, from the pipeline to their own homes at their own expense.

The final section has not been built, nor has it been approved by the Public Service Commission or the West Virginia Department of Environmental Protection. This leg of the pipeline would go to the highly contested Rockwool Insulation Factory.

LIEUTENANT GOVERNOR RUTHERFORD: I'm sorry. Continue.

MS. CANNON: It's okay. The Rockwool facility is in its initial phase of construction in Jefferson County, and that's on the map, too, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. CANNON: It's in red, I believe. Can you see it?

LIEUTENANT GOVERNOR RUTHERFORD: Oh, Rockwood? Rockwool?

MS. CANNON: Rockwool.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. CANNON: They make, Rockwool is a Danish company that melts down rocks at very high temperatures, at 2,600 degrees Fahrenheit, and melts them down and then spins the lava like so much cotton candy into a fluffy insulating substance. And that substance is then bound together and made to stay together with formaldehyde resins. Yeah.

Back to the middle portion of the pipeline, you'll see the pipeline on the map in the sort of grayish-lavenderish color line there. The middle portion of the pipeline crosses the Potomac River, excuse me, cross three major creeks and numerous small streams. These creeks and streams all flow into the Potomac River, the source of drinking water for six million people in the D.C. area.

Once in operation, this pipeline route would be maintained using herbicides like Round Up. That chemical, now a known carcinogen, would flow into that drinking water for all of D.C. and much of the highly populated areas of Maryland and Virginia.

There are also carcinogens in the epoxy coating on pipelines. I have this information for you, if I may. Thank you. Sections of the pipeline with this epoxy coating on them have been sitting in the staging area right next to Sleepy Creek waiting to be placed under the creek. The pipeline has been sitting there with its coating degrading in the sunlight and leeching into the creek for eight months now while pipeline builders continue to struggle to bore through the

super hard bedrock in this spot. The pipeline, the coated pipeline has been staged in this location since April 19th.

I have some more information for you, if you don't mind, about the Rockwool facility itself. If I may? That's two of the same thing. The end part, the final part of the pipeline that has not been built and has not been approved as yet, would go from Martinsburg to the Rockwool insulation plant, which requires natural gas and coal for its processes. This would be a highly polluting industry in Jefferson County, which currently has few polluters. The factory would spew formaldehyde, benzine, volatile organic compounds, and particulate matter out of its smokestacks. The wastewater from the factory would be high in chlorides, which would be discharged into the Shenandoah River, which flows into the Potomac River.

The entire county and surrounding towns are engaged in fighting this facility being built. I know numerous young mothers who are devoting their entire lives to this because they don't want to see their children go to school right next to this factory. The factory would be built directly across the street from an elementary school. Eleven thousand eight hundred people are on the Facebook page opposing this plant in a county with only 57,000 residents. A new nonprofit group, Jefferson County Vision, has formed to oppose this and other heavy industry in the county. Ten municipalities in our region, I underlined those municipalities on the map in green. You'll see they form a wall just to the east of

the Rockwool facility. Ten municipalities, including the Maryland towns of Boonsboro, Keedysville, Brunswick, and Sharpsburg, all to the east of Rockwool which is the direction the wind usually blows. The wind comes out of the west and blows to the east, so all of Rockwool's pollution would blow to you here in Maryland, here in Annapolis. They all fear that if the pipeline and other infrastructure were built for Rockwool other industry would come to the now vacant land that used to be an apple orchard. The air pollution from Rockwool would ultimately reach the D.C. area.

Five thousand dollars sounds like a lot of money for a small strip of land. But it is nothing compared to the full cost of this pipeline. Maryland's healthy waters, the Potomac, and the Chesapeake Bay are priceless. And so is Maryland's healthy air.

I would ask you to deny this easement but for the time being I respectfully request that you please defer your decision until the National Park Service makes a decision.

LIEUTENANT GOVERNOR RUTHERFORD: Well thank you very much.

MS. CANNON: Thank you very much, sir.

LIEUTENANT GOVERNOR RUTHERFORD: I'd like to suggest, because I'm not prepared to vote on this at this time, that we defer this item. So I will make a separate --

TREASURER KOPP: Indefinitely?

LIEUTENANT GOVERNOR RUTHERFORD: Well I don't know indefinitely. But we'll defer it until the Park Service.

SECRETARY MCDONALD: You could vote, the department could withdraw it, if you want --

MR. CHURCHILL: The department will withdraw the item from today's Agenda and we'll --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

SECRETARY MCDONALD: Then you don't have to --

MR. CHURCHILL: -- reevaluate when we'll put it on.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

MR. CHURCHILL: Thank you.

SECRETARY MCDONALD: You'll need a --

LIEUTENANT GOVERNOR RUTHERFORD: Well I actually have, I actually have questions.

SECRETARY MCDONALD: Can you come back and take your record --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

SECRETARY MCDONALD: All right. So Item 56 is withdrawn.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, 5-C.

MR. CHURCHILL: Item 5-C --

LIEUTENANT GOVERNOR RUTHERFORD: Well there are several modifications that I had questions on.

MR. CHURCHILL: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: And it's 5-C, 6, and I think 7-AE.

MR. CHURCHILL: Okay. Lauren Buckler, Assistant Secretary for Capital Construction.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MS. BUCKLER: Good afternoon, members of the Board of Public Works. I'm Lauren Buckler, Assistant Secretary for Design and Construction at DGS.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. 5-C is a retroactive contract and modification. And it's pretty substantial. So what happened here?

MS. BUCKLER: Unfortunately we had some turnover. We had some administrative process delays that this just fell through the cracks. So --

LIEUTENANT GOVERNOR RUTHERFORD: So they --

MS. BUCKLER: -- we're bringing it here at this point retroactively.

LIEUTENANT GOVERNOR RUTHERFORD: So they did a second electrical service installation? Is that what I'm, am I reading that correctly?

MS. BUCKLER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: And they did it without going through the proper process?

MS. BUCKLER: Correct. It went through the internal process at DGS instead of coming through the Board of Public Works process.

LIEUTENANT GOVERNOR RUTHERFORD: But even with the original contract, because this, you know, the modification is 85 percent of the original contract. So somewhere along the line even with the original contract, something was missed in terms of whether we need this second electrical service installation.

MS. BUCKLER: There were some issues during construction with the electrical service to the facility that weren't known at the time that we went into construction.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well that's, yeah, that must have been a lot. What was it, what was it that -- I mean, that's substantial, an 85 percent increase.

MS. BUCKLER: There was, so the facility is increasing its security for that site --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. BUCKLER: -- which is increasing the electrical demand based on the new systems.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BUCKLER: The existing systems weren't able to handle the new demand. We had to add additional electrical systems to take care of that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well I would have thought that should have been identified earlier.

MS. BUCKLER: It should have been. In hindsight, it should have been identified.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Okay. All right. Item 6 is an A & E contract that is also being modified because the design fees were split. Can you explain that? And also, what's really taking so long with the Annapolis Post Office? It's been four years.

MR. CHURCHILL: Governor, I'll take that question first.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CHURCHILL: The design fees were split because we phased the construction based on our cash flow analysis. So phase one has to do with what's going on now with the repointing and the demolition. Phase two was always envisioned to take it the rest of the way, which is the internal modifications to the Post Office to house our clients.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. CHURCHILL: In terms of what's taking so long on the project, we've had some complications with our current contractor, which is fortunate that we divided the contract into two so now we have a chance to right the ship for the second half of the project.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So was the first contractor doing external work and the second is internal work?

MR. CHURCHILL: The second was envisioned to do the rest of the project.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CHURCHILL: And the second could have been, of course, the first contractor, based on the cash flow divide.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I know my compatriots here have been sitting here for a long time and then I come in, you know, in the middle or at the end, and then I'm starting to ask these questions. Modification on 7-AE -- I'm sorry. Then that will be my hopefully last. That's another modification that just, you know, when they hit a row of modifications, I just get concerned. And this is the steam line also for, and I guess it's all the work that's going on outside.

MR. CHURCHILL: This is the emergency contract that's coming from our central plant or around from Miller & James all the way into Lawyers Mall.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Just remind me, how long is the project overall going to take?

MR. CHURCHILL: We envision that the project will take about two years. Or we look at it in terms of how many sessions we'll --

LIEUTENANT GOVERNOR RUTHERFORD: How many sessions --

MR. CHURCHILL: -- we'll disrupt. So this session and next session will be disrupted by the project. And the project is currently on task.

LIEUTENANT GOVERNOR RUTHERFORD: We're on schedule?

MR. CHURCHILL: On schedule.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CHURCHILL: It's been an amazing project. And so we would invite anyone to come and we'll give you a little tutorial --

LIEUTENANT GOVERNOR RUTHERFORD: Come tour and look at the pipes?

MR. CHURCHILL: -- about our steam system. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Come and look at the steam lines? Okay. All right.

TREASURER KOPP: That would be interesting.

LIEUTENANT GOVERNOR RUTHERFORD: And it also means that the inauguration and swearing in is going to be on a different side of the building this year. So because of the activity going on out front. So we're still working through that process.

I would go through all the capital grants and loans, but I think I --

TREASURER KOPP: I actually have one quick --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Yes?

MR. CHURCHILL: On the same topic?

TREASURER KOPP: Mr. Secretary --

MR. CHURCHILL: Yes, Treasurer?

TREASURER KOPP: -- on 14, I have a feeling I'm looking at an older version. So if you could just tell me if on Item 14 there is language that says this approval is conditioned upon reimbursement from the State general obligation bond proceeds occurring not later than 18 months from the date of the original expenditure? Or maybe you --

SECRETARY MCDONALD: It wasn't -- no, I didn't hear anything about that.

TREASURER KOPP: This says this language was added to the Agenda item.

SECRETARY MCDONALD: I don't have anything. This approval is conditioned -- oh. Okay. Looking to say, I mean, it is on there, that --

LIEUTENANT GOVERNOR RUTHERFORD: -- I have --

SECRETARY MCDONALD: -- I don't think it was revised --

LIEUTENANT GOVERNOR RUTHERFORD: 14-GM?

SECRETARY MCDONALD: Here it is. This approval. Is that the language you want?

TREASURER KOPP: No. No. It's this language.

SECRETARY MCDONALD: That's right. And that's not what I have there?

TREASURER KOPP: Here's the 18 month, yeah.

SECRETARY MCDONALD: Oh the 18 month -- I mean, no. This is not what I added. The first time I've seen it. But that second --

TREASURER KOPP: No, I have a feeling I have an older --

SECRETARY MCDONALD: No --

TREASURER KOPP: -- I downloaded this last week.

SECRETARY MCDONALD: No but I don't see, I mean, I see that in the original, with the 18 months. This, Secretary Churchill, the second sentence, this approval is conditioned --

MR. CHURCHILL: This approval is conditioned upon the reimbursement of the State general obligation bond --

SECRETARY MCDONALD: -- proceeds occurring --

TREASURER KOPP: Okay.

SECRETARY MCDONALD: -- not later than 18 months after the original expenditure is paid from federal funds.

TREASURER KOPP: Okay. And --

SECRETARY MCDONALD: Oh, you know what it was Treasurer, this is -- thank you. This is the December 5th item.

TREASURER KOPP: Okay.

SECRETARY MCDONALD: And it was revised for December 5th --

TREASURER KOPP: And which referenced this and it's on --

SECRETARY MCDONALD: -- completely fine --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. CHURCHILL: Yeah.

TREASURER KOPP: So it's what we're approving says that.

SECRETARY MCDONALD: -- do you have the one that does not show revision because for December 19th it was not revised.

TREASURER KOPP: Okay. And confirm the --

SECRETARY MCDONALD: So to answer your question --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, this does say December 5th, right.

TREASURER KOPP: Good. Confirm that the replacement of these systems would not result -- can you confirm that the replacement of these systems will not result in disenfranchising any part of Maryland that currently has access to MPT?

MR. CHURCHILL: So Madam Treasurer, you are asking us to confirm after this, we don't have to confirm right now, but we'll get back to you with the confirmation, that's your question?

TREASURER KOPP: Okay. I'm honestly not clear why that's a question of the OAG.

LIEUTENANT GOVERNOR RUTHERFORD: There's someone standing here. This is a gentleman here. I'm not sure --

MR. CHURCHILL: Maryland Public Television.

MR. BENEMAN: Good afternoon. George Beneman, Maryland Public Television. This is the State paying a little increase for our repacking, our federal repacking. These funds are not federally reimbursed. The federal government is providing roughly $9.3 million and the State is -- this is part of what the State's obligation is to do this.

TREASURER KOPP: Okay. I don't really have a question about that.

MR. BENEMAN: Okay.

TREASURER KOPP: My question is a specific one, though I don't understand why it's being asked. The replacement of these systems will not result in disenfranchising any part of Maryland that currently has access to MPT?

MR. BENEMAN: They will not.

TREASURER KOPP: Okay. That's the question. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Any more questions?

TREASURER KOPP: Second.

LI`EUTENANT GOVERNOR RUTHERFORD: Okay. Then we're all favor and one withdrawal.

SECRETARY MCDONALD: And one withdrawal, thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you.

TREASURER KOPP: Thank you.

(Whereupon, at 2:05 p.m., the meeting was concluded.)