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PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

GOVERNOR HOGAN: Everybody seems to be fired up this morning. There's a lot of chatter going on. But, welcome to the Board of Public Works. We're going to get started. This is an away game for me, being out of the State House. But it's always great to join my colleagues here on their home turf at the Louis Goldstein Building. You know, as Louis used to say, "May the Good Lord bless you all real good." But we're here today for our semi-annual Bond Sale and I know that the Treasurer and her staff have been working really hard to make sure that today's sale is a success.

Last month, all three rating agencies reaffirmed Maryland's AAA bond rating. Maryland is one of only 13 states in America to receive this coveted ranking. And I think that our AAA rating is the result of all of us working together in a bipartisan manner and acting as prudent stewards of the taxpayers' money. All three rating agencies noted our State's sound fiscal policy, strong financial controls, and prudent debt management. And I want to especially applaud my colleagues, Treasurer Kopp and Comptroller Franchot, and their staffs, for all of their tremendous work. And I want to thank them for their collaboration with our team, especially Budget Secretary David Brinkley and his

staff. And we could not have received this AAA bond rating without all of us working together. So let's please give all of them a big round of applause.

(Applause.)

GOVERNOR HOGAN: I also want to give a quick shout out to Secretary Brinkley and Secretary Leahy and their teams at the Departments of Budget and Management and Information Technology for the launch of the Maryland Transparency Portal. This new website allows Maryland taxpayers to become better informed about the details of the State's budget with a user friendly interface. And it's helping us to continue to make State government more accessible, more transparent, and more convenient for taxpayers. So with that, I'm going to turn it over to my colleagues for some opening comments. And I'll start with you, Mr. Comptroller.

COMPTROLLER FRANCHOT: Thank you, Governor. And I couldn't agree with you more about the strong economic bones of the State of Maryland and the good fiscal leadership that you and the Treasurer, I, and others in the Legislature from time to time, that's the Legislature, exert the right kind of fiscal oversight. And I think it's important for the citizens to realize that we're, that there's a lot of oversight and accountability that doesn't get publicized that goes into getting the AAA bond rating.

I'd also like to mention that we have the Mount Hebron High School Economics Team that the Governor, and Treasurer and I just met with.

This is a small group of tremendously competent students. At the National Economics Challenge, they won in an unprecedented fashion both the upper and lower level of this national competition. They then went over to St. Petersburg and won I believe the gold medal for best in economics. I think that was Mr. Currie and Mr. Krishna. So these victories, these young people are standing in the back, they know more about economics than I'll ever know. But they -- oh, good. Here they are, coming all up. Yeah.

(Applause.)

COMPTROLLER FRANCHOT: And I want to give a special note of thanks to their, and recognition to Mr. Vann Prime, if he could come up. He's the champion and the -- Vann, what do you teach up there?

MR. PRIME: I teach AP Micro and Macro Economics and AP European History.

COMPTROLLER FRANCHOT: Okay. These are the best of the best right here.

(Applause.)

COMPTROLLER FRANCHOT: Thank you guys very much. You don't have to stand up there for the whole meeting.

(Laughter.)

GOVERNOR HOGAN: We may call on you if we have some tough questions, though.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: Thank you. Congratulations.

COMPTROLLER FRANCHOT: Go back and be comfortable.

And I did want to just on another point I saw that the Baltimore City Teachers Union is seeking donated fans up in Baltimore. Obviously, we have tropical temperatures right now. They may extend into the beginning of the school year. So the teachers union is asking the public to donate fans. Okay, here's a statement I put up on social media.

It quoted, "It is beyond disgusting that in this, the wealthiest state in the wealthiest nation on earth, teachers have to resort to doing this, asking the public to donate fans, in order to protect themselves and their kids from the brutal heat. That's exactly why I've been fighting the education bureaucracy in our State for nearly 10 years to install portable air conditioning units in the classrooms of Baltimore City and Baltimore County. It's why Governor Hogan made this his fight as well as soon as he took office, even in the face of inexplicable retaliation from the Annapolis machine, which put into the conference committee report one year a specific prohibition on spending any State dollars for "portable air conditioning units." Think of that. And so anyway, I, and they are joined by the *Baltimore Sun* editorial page. If anybody knows that group, give them a hats off for creating and extending this situation of our

students roasting in hot, humid weather, which will occur inevitably come the start of the school year.

I'm going to continue applying pressure on these school systems to get these schools fixed so the children have cool classrooms in the hot months and warm classrooms in the cool months. It has nothing to do whatsoever with resources. It has everything to do with competence, compassion, and common sense. Thank you, Governor.

GOVERNOR HOGAN: Thank you. Madam Treasurer?

TREASURER KOPP: Thank you, Governor. I just wanted to make sure everybody understood that the Bond Sale results will be in at 11:00. We will be watching them then and signing them then. And meanwhile, hope to get the rest of the Board of Public Works Agenda through.

I just want to add my thanks to the staffs of all of the agencies that have worked together on this. I think it's going to be a great sale. And it could never have been done -- you'll notice most of the Treasurer's Office is off somewhere else counting numbers and working with the FAs. But it couldn't be done without all of the agencies that have been working together on this for six months now. And we hope it's a great sale because it helps fund, more than anything, the schools and higher education buildings in the State, which leads me to another point.

The Governor was talking and I believe absolutely correctly thanking and praising the strong financial governance of this State, both the Legislature, the Executive, and the counties. But in addition, the rating agencies always cite the educational level, the schools, and the great workforce we have in Maryland, really the heart of Maryland. So it's a combination, both of the substance of Maryland and then of the formal government. And I think that we will see the results of all of this in an hour and the people will benefit. So I thank you. I know you all are going off after this to Ocean City.

COMPTROLLER FRANCHOT: Yep.

TREASURER KOPP: And MaCO. And I hope you'll carry my greetings with you. I can't make it this year, one of the first times in about a century --

COMPTROLLER FRANCHOT: I have my swim trunks packed.

TREASURER KOPP: But yes.

(Laughter.)

TREASURER KOPP: And your crab hammer, too --

COMPTROLLER FRANCHOT: Yes, my crab hammer.

TREASURER KOPP: -- I hope.

GOVERNOR HOGAN: Well, thank you, Madam Treasurer.

TREASURER KOPP: But Governor, I see the Secretary of Budget here. And I just want to point out that since we last met, the Secretary sent out a letter to all the cabinet, and I assume all the agencies --

MR. BRINKLEY: Yes.

TREASURER KOPP: -- also, saying that the policy of the State has changed and that the default position for the State fleet will be electric based cars, which includes hybrids. And that while of course there are some instances in which the State fleet cannot use, at this point until it's more fully developed, the electric fleet, but the agencies will have to send to him an explanation of why they can't use them. Because the default is to go green. And for that, I want to thank you. I hope the Board of Public Works will be following up and seeing how this great policy is actually implemented on the ground and on the roads. But we stand ready to help in any way we can. I thank you.

MR. BRINKLEY: Thank you for that, Madam Treasurer. The only impediment we see at this point is what the market can produce so that we can use --

TREASURER KOPP: Right. And the infrastructure.

MR. BRINKLEY: -- right, and the infrastructures.

TREASURER KOPP: Yes. Absolutely.

MR. BRINKLEY: Thank you.

GOVERNOR HOGAN: Thank you, Madam Treasurer. Let's get started with the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor --

GOVERNOR HOGAN: Good morning.

SECRETARY MCDONALD: -- Madam Treasurer, Mr. Comptroller. We have 20 items on the Secretary's Agenda. We have six reports of emergency procurements. Item 20 is the Bond Sale, so we will hold that one back until the Treasurer calls that one up. We are prepared on the other 19 items and the emergency reports, if you have any questions.

GOVERNOR HOGAN: Questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Item 8.

SECRETARY MCDONALD: Item 8 is the Housing Department. And this is a project in Lanham, it's Prince George's County --

COMPTROLLER FRANCHOT: Oh, that's DBM? What are we on right now?

SECRETARY MCDONALD: Oh, I'm sorry. Secretary --

COMPTROLLER FRANCHOT: Oh, no. I'm sorry --

SECRETARY MCDONALD: Okay. Mr. Maneval, you can have your seat.

(Laughter.)

SECRETARY MCDONALD: All right.

GOVERNOR HOGAN: So no questions on the Secretary's?

SECRETARY MCDONALD: There you go. I like that.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: I'd just like to point out -- it's not a question. But to the Secretary of Natural Resources, there are several items. But one particularly, the Coastal Resiliency projects, of which there are several, Secretary's Item 10. Where we actually see the work of the CoastSmart Council and coastal resiliency not only in action, and we know that it's been in action from, but spelled out here so everybody can see what is happening. I congratulate you. It's a really, really great project.

MS. HADDAWAY-RICCIO: Thank you very much.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: If you want to say anything about it, please do. But I recommend otherwise everybody look at it. It's the beginning of a great program. And I hoped, Governor, I won't say this again, but there are a number of items like that, and MDE items, and in fact a couple from the University, where they take the time to point out in the item how it relates to our State's climate change goals and greenhouse gas mitigation goals. And I thank you for doing that.

GOVERNOR HOGAN: And we thank you for constantly keeping us on track.

TREASURER KOPP: Nagging?

GOVERNOR HOGAN: I mean, no, you're reminding. I appreciate it. So there is a motion to approve the Secretary's Agenda. Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: You made the motion so --

(Laughter.)

GOVERNOR HOGAN: -- so three to nothing. And we're going to move on to the DNR Real Property Agenda.

SECRETARY MCDONALD: Thank you.

MS. HADDAWAY-RICCIO: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. And Madam Treasurer, thank you again for that nice highlight of our Coastal Resiliency programs. We certainly appreciate the Governor's full funding of all of those, financing and funding programs in our budget which allows us to do those great projects. Today we have eight items on our Real Property Agenda for which we are seeking approval and I'm happy to answer any questions you have.

GOVERNOR HOGAN: Questions on DNR? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing on DNR. Move on to DBM.

MR. BRINKLEY: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, I'm David Brinkley, the Secretary of the Department of Budget and Management. We've brought eight items for your consideration. I'm withdrawing Item 3-S, leaving seven for your voting. I have representatives here to address any questions that you may have.

GOVERNOR HOGAN: Questions?

COMPTROLLER FRANCHOT: Yes. This is Item 8 I'd like to --

MR. BRINKLEY: Calling up David McGlone. He's Deputy Secretary of the Department of Labor. And possibly Mike Hopkins, if he's here, Executive Director of the Racing Commission.

SECRETARY MCDONALD: (Indiscernible).

MR. BRINKLEY: We'll find them.

SECRETARY MCDONALD: I need the Racing Commission, Department of Labor, right now, Item 8, right now.

(Laughter.)

GOVERNOR HOGAN: Man, Sheila is not messing around. I'm glad I wasn't late.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah. That reminded me of the Army.

(Laughter.)

MR. MCGLONE: Good morning, Governor. David McGlone, Deputy Secretary of the Department of Labor.

GOVERNOR HOGAN: Good morning.

MR. MCGLONE: Good morning.

COMPTROLLER FRANCHOT: So we're looking at a six-month extension of a contract with Truesdail Labs for equine blood testing and analysis at the Racing Commission regulated racetracks. For the moment, I'm going to put aside the fact that this is an extension of a contract the incumbent has held since 2014 because I recall a very troubling article I saw in the *Sun* on June 19th, recently. The headline reads, "Maryland Horse Racing Regulators Ignored Rules as They Dispensed State Money to Track Owners."

Despite respectable attempts to deflect blame, it's quite clear that the Maryland Racing Commission didn't do its due diligence and in most cases directly violated the law and applicable regulations when it awarded nearly \$22 million from the Racetrack Facility Renewable Account to the Stronach Group. Instead of carefully reviewing capital improvement plans and closely monitoring how the millions of dollars were spent, the Maryland Racing Commission in essence served as a rubber stamp and signed blank checks to reimburse the Stronach Group for capital improvements that weren't reviewed or approved by the Commission as the laws and regulations require. The Commission, for

example, didn't approve a capital plan for 2018, yet the Commission reimbursed \$6.8 million in taxpayers' money to the Stronach Group. In the rare instance in which the Commission did approve a capital improvement plan, in this case, and I quote, for "significant investments in the rebuilding of Pimlico Race Course," the *Baltimore Sun's* investigation found that the Stronach Group spent most of the State funds at the Laurel Park Race Course, not at Pimlico.

This is just completely unacceptable. I'm not suggesting corruption is involved here, but at the very least this constitutes a dereliction of duty. We find ourselves in a situation where we're allowing Canadian billionaires to use the public taxpayers' account as their credit card without having to follow the laws and regulations that govern that fund.

So this incident, this failure of a government commission to exercise its fiduciary responsibilities serves as yet another glaring example of the fact that slots have not delivered the promises that were sold to Maryland taxpayers. We were told an influx of cash would go towards our schools. That was complete fiction until the Lockbox Bill was passed last year. We were told that portions of the proceeds would go to capital improvements to Pimlico, which we all support. I think as this article underscores, given the unsafe conditions at Pimlico, that is yet another promise unfulfilled. We were told we would see a steady stream of cash that could fix our structural deficit. That hasn't happened either.

I want to salute Doug Donovan and all the journalists at the *Sun* who were involved in this fact finding investigation, because had it not been for their reporting this pattern of reckless behavior and governance would have continued.

So let me just go back to the item that is before us for a second and talk about this extension. Last month, a single bid contract from the Racing Commission with this vendor was pulled from the Agenda. According to the background materials, this extension is requested so the Racing Commission can make a proper assessment of whether to reissue the solicitation utilizing a different procurement method. I sincerely hope that whatever method is decided upon, it results in more bid competition as I find it hard to believe that only one vendor in the entire country is able to submit an acceptable bid for these services. So I'm voting for the six-month extension, but I have some big concerns.

MR. MCGLONE: I can understand that, Mr. Comptroller. And one of the things we are concerned about is getting fair competition on this contract. We want to make sure that some of the labs that are out there will honor a Maryland contract, which some of them are university labs which they don't. If they are connected with a different state, they don't want to sign the Maryland contracts. And the procurement we're going to use is going to make sure that we understand that up front so we get all the available vendors that we can to understand what the Maryland contract looks like and really be able to sign that

contract and bring forth a proper and equitable bid for the Board to consider next time out.

GOVERNOR HOGAN: And the current contract is just about to expire --

MR. MCGLONE: Right.

GOVERNOR HOGAN: -- so we need to do an extension in order to do the study --

MR. MCGLONE: In order to do that.

GOVERNOR HOGAN: -- to take a look at what we're going to do on the longer term contract.

MR. MCGLONE: Exactly.

TREASURER KOPP: Governor, I support the extension. But I didn't quite hear from you what new, different type of procurement system you're going to use.

MR. MCGLONE: Well we want to make sure that in the, invite the bidders in in a pre-proposal conference to make sure that they can understand the --

TREASURER KOPP: So you're going to use the sealed proposal again --

MR. MCGLONE: We can.

TREASURER KOPP: -- just the way you did before.

MR. MCGLONE: Right.

TREASURER KOPP: So --

MR. MCGLONE: And make sure that in the pre-proposal they all understand the nature of the contract.

TREASURER KOPP: So it's the same procurement method, it's just that you're reaching out more?

MR. MCGLONE: Make sure that the outreach is more extensive to all the potential labs out there and that they understand the ramifications of a Maryland contract so that we can --

TREASURER KOPP: You didn't extend it to all the potential labs --

MR. MCGLONE: We did but we didn't invite them all into the, we invited them in, but we didn't follow up to make sure they were able to attend the pre-proposal meeting.

TREASURER KOPP: And you think that's what made the difference?

MR. MCGLONE: We think their lack of understanding of the contract made a difference.

GOVERNOR HOGAN: Once they saw the Maryland contract after the fact, they were no longer interested in bidding. Is that what you're saying?

MR. MCGLONE: At least one of them, we know that was the case.

GOVERNOR HOGAN: And was there something particular to the contract that they didn't want to deal with?

MR. MCGLONE: Well, they were connected with a different state government so they knew that they couldn't sign another state's contract with some of the provisions that were in there.

TREASURER KOPP: How will that change?

MR. MCGLONE: Well we want to make sure that we get more of these labs, let them know that this is what the contract looks like to make sure that at least they will be able to put a bid in with these contract clauses in there. That they are well versed in that beforehand, before they put their proposal in.

GOVERNOR HOGAN: So this proposed six-month extension you believe gives us all time to take a look at the entire process and how we might be able to do a better job --

MR. MCGLONE: Yes --

GOVERNOR HOGAN: -- or we're just going to go back and do the same thing differently?

MR. MCGLONE: No, we're going to make, take our time to make sure we do this one with a little more due diligence to make sure that all the

vendors are aware of the full contract proposals and the stipulations, and then they can put in their bid accordingly.

GOVERNOR HOGAN: Okay.

TREASURER KOPP: And presumably, by the time they are back the Commission will have had its postponed, postponed meeting and we'll see what progress has been made on the Racetrack.

MR. MCGLONE: I'm sure that's going to be happening this fall, yes.

TREASURER KOPP: I look forward to seeing it happen.

GOVERNOR HOGAN: Okay. Any other questions?

COMPTROLLER FRANCHOT: Thank you very much. See you in six months, I guess.

MR. MCGLONE: Thank you.

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

TREASURER KOPP: I have a question, since we have a couple minutes, and it's on the withdrawn item. But it's a higher level question. And that is when price differences over total project, a long term project, seem to us relatively small, how do we factor in, and I should be asking my staff this but you're here, how do we factor in the impact on our economy or employment in Maryland?

MR. BRINKLEY: I'll have to, since we pulled the item we didn't have people --

TREASURER KOPP: Okay. This is a generic --

SECRETARY MCDONALD: Madam Treasurer --

MR. BRINKLEY: -- we'll make sure staff gets on top of that and -

-

SECRETARY MCDONALD: The Procurement Advisor to the Board could give you, we adopted that regulation about 15 years ago, the Economic Benefits Regulation.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: And I think Mr. Gnall could explain to you how --

TREASURER KOPP: But I don't know what --

SECRETARY MCDONALD: It is --

TREASURER KOPP: -- if there's a difference in price, there's no question. But it seems relatively small to the layman.

MR. GNALL: For the record, Gabe Gnall, Procurement Advisor to the Board. In a procurement like this, a competitive sealed proposal procurement, you have a technical proposal and a financial proposal.

TREASURER KOPP: Yes.

MR. GNALL: In a technical proposal, one of the factors to be considered is economic benefits to the State.

TREASURER KOPP: In the technical proposal.

MR. GNALL: In the technical portion. So that would impact their technical ranking. Now, when they have, let's say, a higher technical, financial price, when determining what is the best value to the State, you need to weigh the technical ranking versus their financial ranking. Now, that comes with the analysis as well what price difference there is and does that outweigh the difference in technical quality.

TREASURER KOPP: And just a gut feeling?

MR. GNALL: Well you have, typically you have a committee, an evaluation committee, that discusses all the proposals received and then ranks them. And they are the ones that usually reach a consensus as to what they determine to be the best value to the State. And if there is a significant difference in price, typically you would go through more, you may say, and rank them lower in the overall consensus. But in this circumstance, we're looking at, you know, this item, and of course I know it's been withdrawn --

TREASURER KOPP: Right.

MR. GNALL: -- and the agency wishes to discuss it in a later Agenda. It seemed like some of the proposals, they were similar in price, they

were very close in price. And so one of the questions we've asked the agency to respond to is how did they take into account economic benefits to the State.

TREASURER KOPP: Okay. Great.

MR. GNALL: So we'll hear more about that.

TREASURER KOPP: Thank you. We'll look forward to it.

GOVERNOR HOGAN: Great. Is there a motion on the DBM Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Second? Three-nothing. Move on to University System.

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

GOVERNOR HOGAN: Questions for the University System?

COMPTROLLER FRANCHOT: Item 5-RP.

MR. EVANS: I have Nebeye Sertsu, who is the Vice President for Capital Planning and Capital Operations from UB to answer that question.

GOVERNOR HOGAN: Good morning.

MR. SERTSU: Good morning. Good morning.

COMPTROLLER FRANCHOT: Just for the record, what is your name?

MR. SERTSU: Oh, sure. My name is Neb Sertsu. I'm the Vice President for Campus Planning and Campus Operations.

COMPTROLLER FRANCHOT: Thank you. Governor and Treasurer, we're being asked today to declare a property recently acquired by the State located in East Baltimore as a surplus in anticipation of its transfer to the U.S. Postal Service. This is being done to set up an exchange of properties with the Postal Service that will ultimately yield a prime parcel of real estate for the University of Baltimore. Earlier stages of this exchange have been before this Board numerous times and I think without fail we have remarked upon the odd nature of this arrangement, in which the State is constructing a vehicle maintenance facility for the U.S. Postal Service.

While this is certainly an unusual arrangement, I know the property exchange was negotiated fiercely by none other than Maryland's former Senior Senator Barbara Mikulski. It remains a top priority for the University, which by the way has exemplary leadership with former Mayor Schmoke. And I think the University has seen a number of exciting capital improvements, including the new library expansion. So with Amtrak committing to invest \$90 million in the nearby Penn Station, which is just a stone's throw away, UB is on the verge of acquiring what I think is a lot of potentially very valuable property

for the University campus. I was wondering if you could give us an indication as to what this property will be used for. Academic purposes? Housing? Offices?

MR. SERTSU: Sure. Thank you so much by starting by noting that the University's leadership is strong and that the properties around our campus are growing in value. I think with Penn Station development underway and a number of other smaller developments happening in the Midtown-Station North neighborhood, we're excited about the prospect of our acquiring this property.

This was a journey that started ten years ago so we certainly didn't anticipate it being as valuable as it is today. I think for us at this point, the first step in our process will be to demolish the existing structure and prepare the site for development. While that work is underway, our intent is to meet with our internal community and external stakeholders to talk through what type of development would bring the amenities and a revenue stream for the institution.

So it's a process we haven't initiated yet. I think it will not be necessarily driven by student housing or academic space, because that isn't a need for our campus at this point. But I think with all of the development that's happening around us, most of it tends to be types of developments that bring retail and housing to the neighborhood. And I think that's probably going to be part of the mix. But we just started the journey, so we haven't developed a program at this point.

COMPTROLLER FRANCHOT: How about partnering with a State agency?

MR. SERTSU: I think we're open to all types of discussions. Again, for us the driver is to make sure that it is a development that continues the progress that's been happening in the neighborhood and continues to grow the City.

COMPTROLLER FRANCHOT: And how large is the acquisition?

MR. SERTSU: The parcel is two and a half acres.

COMPTROLLER FRANCHOT: And am I right, it's a stone's throw away from Penn Station?

MR. SERTSU: Yes, you are right. Yes, you are right. It's essentially, you know, a block away.

COMPTROLLER FRANCHOT: As the plans develop, if you can let us know what direction you're headed in?

MR. SERTSU: We certainly will.

COMPTROLLER FRANCHOT: Not that I don't have a State agency that's looking for space in Baltimore, but that's, I'll leave that to the higher level of command. But congratulations. I think this is an odd arrangement but one that's a positive for the State.

MR. SERTSU: Sure. And on behalf of the University, thank you so much for all of the support we've received from the Board of Public Works to date.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: Could I just ask one more? Because you mentioned the community. But I assume you're working with the City also --

MR. SERTSU: Correct.

TREASURER KOPP: -- on this prime --

MR. SERTSU: Oh, absolutely. The City has been supportive of our efforts and the Baltimore Development Corporation has assisted us in the process, so they will be at the table as well.

TREASURER KOPP: An interesting time, as the Comptroller pointed out, for Kurt Schmoke to be leading the effort to reinvigorate Station North.

MR. SERTSU: Absolutely.

TREASURER KOPP: It's great.

MR. SERTSU: Thank you.

GOVERNOR HOGAN: Thank you. Any other questions on the University System?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

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TREASURER KOPP: Second.

GOVERNOR HOGAN: Joe, three-nothing.

MR. EVANS: Thank you.

GOVERNOR HOGAN: We'll move on to Department of Information Technology.

MR. KOLBE: Good morning, Governor, Madam Treasurer, Mr. Comptroller. My name is Stephen Kolbe, the Assistant Secretary for the Department of Information Technology under Secretary Leahy. Today we have 13 items on the Agenda, two are supplemental. Agency representatives are here to answer any questions you may have.

GOVERNOR HOGAN: I'd like to bring up Item 8-IT-MOD.

MR. KOLBE: 8-IT, that's the Department of Public Safety and Correctional Services.

GOVERNOR HOGAN: Yeah. I just want to talk about this item. I really don't have questions.

MR. KOLBE: Certainly, sir.

GOVERNOR HOGAN: But I just want to request that the Board approve this contract.

MR. KOLBE: We have Secretary Green here.

SECRETARY MCDONALD: Secretary Green is here.

GOVERNOR HOGAN: Oh, great. Wonderful. So I didn't see the Secretary here. We're happy to have him come up and talk with us for a second. Good morning, Mr. Secretary. I think this may be the first time we've had you before the Board of Public Works since you came in. I mean, in your new role?

MR. GREEN: I believe this is number five.

GOVERNOR HOGAN: Oh, number five? Okay.

MR. GREEN: But having to --

GOVERNOR HOGAN: Maybe I was missing. Well, welcome. I think this contract is going to significantly enhance our abilities to contact victims of crime in Maryland about the status of the offenders who have damaged them and their lives and committed crimes against them or their loved ones. In 2000, we were one of the first states in the nation to provide for this Victim Identification and Notification Everyday, or VINE, system. And under this operation, the State has the capability to contact registered crime victims so that they can track their offenders every step of the way through the criminal justice system. And the service allows victims to monitor the offender's incarceration status, court dates, parole and probation compliance, sex offender registration, and the status of protective orders that they have filed for their own safety.

These enhancements, I believe, will provide new state of the art tools so that the victims can learn a perpetrator's status via phone, internet, mobile device in a range of languages. And the contract that we have before us today

sends a clear message that protecting the victims of crime will remain a top priority for us. Anything you want to add about the contract?

MR. GREEN: Yes, sir. We're pleased to bring this before the Board of Public Works and it has, as you have noted, a significant public safety enhancement. We've been able to identify some grant funding and then funding within the Department of Public Safety and Correctional Services to get this platform in place. I think this single point of registration for victims of crime within the system is an incredible enhancement and will also lay the groundwork for pre-trial applications --

GOVERNOR HOGAN: Right.

MR. GREEN: -- which we have discussed in our State. So we are pleased to bring it forward. It will be a one-year implementation and when we are done we will be the 24th state to have it fully online.

GOVERNOR HOGAN: Great. Thank you. Any questions?
Thank you.

COMPTROLLER FRANCHOT: While you're up here, is that, is there another contract about telephone --

MR. GREEN: Yes.

COMPTROLLER FRANCHOT: -- communication. And you're in support of that and --

MR. GREEN: I am absolutely in support of that contract. It's a contract for the telecommunications systems for the inmate population and their families. It's a significant contract for us that represents a savings for the families and the population. It is a revenue account to the State, at no cost to the State or the department. So I'm fully supportive of that contract as well.

COMPTROLLER FRANCHOT: Excellent.

GOVERNOR HOGAN: Thank you very much, Mr. Secretary.
Any other questions on Information Technology?

COMPTROLLER FRANCHOT: Yes, I had Item 11, if I could.

MR. KOLBE: Comptroller, that's Item 11 -- okay. I'll be able to answer any questions.

COMPTROLLER FRANCHOT: Okay. So this is \$1.4 million from the State Board of Elections for IT secure and consulting --

SECRETARY MCDONALD: -- 10-IT --

MR. KOLBE: Oh, Mr. Comptroller, I'm so sorry. You might be referring to Item 10 for the Board of Elections?

TREASURER KOPP: That's nine.

GOVERNOR HOGAN: Nine? Item 9?

MR. KOLBE: Nine? Thank you. Of course. Okay. We'll get it straight. Board of Elections.

GOVERNOR HOGAN: DoIT 9-IT.

SECRETARY MCDONALD: Post election audit.

MR. KOLBE: Okay, thank you. That's Administrator Linda Lamone.

TREASURER KOPP: Oh, there is one --

COMPTROLLER FRANCHOT: Yeah. Thank you.

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: Oh, 9, 10.

SECRETARY MCDONALD: We have two items from the Elections --

MR. KOLBE: That's 9 and 10.

GOVERNOR HOGAN: 9 and 10.

TREASURER KOPP: Yeah.

MR. KOLBE: Right.

SECRETARY MCDONALD: The first is the post-election audit, and the second is to buy more equipment for the voting system. Just go ahead and introduce yourself.

MS. LAMONE: Hi. For the record, Linda Lamone, Administrator of Elections. Good morning.

COMPTROLLER FRANCHOT: Yes. Thank you, Madam Administrator. Yeah. No. Thank you for being here. Item 11.

MS. LAMONE: Yes?

SECRETARY MCDONALD: All right.

GOVERNOR HOGAN: What is Item 11?

COMPTROLLER FRANCHOT: Okay. I know you and your team have been hard at work ensuring our election systems are safe from potential cyber-attacks and this is a contract for \$1.4 million. I think it's a series of task orders that are coming before the Board about this interference from hostile actors who want to compromise the integrity of our election system. So Special Counsel Muller apparently said recently Russians massively intervened in 2016 and they are prepared to do so again in voting that is set to begin a mere eight months from now. So the leaders in Washington seem to be paralyzed a little bit right now as far as the urgent threat that Russia continues to pose to our political process. I wonder to what extent you're able to say publicly what you're doing as a, what we're doing as a State to safeguard the integrity of the ballot box. I note that this contract is specifically for a vendor to provide "strategic leadership" for securing systems and data. Where do we stand then, or what can you say about this ongoing situation?

MS. LAMONE: Well, unfortunately it is ongoing and that's one of the reasons why we need more expertise in our office specifically dedicated to addressing the constantly emerging issues with security generally, and particularly in the area of elections.

We've got staff that is able to do the everyday protection stuff, running the scans and monitoring and stuff. But we don't have any expertise for looking forward and planning strategically as to where we need to be. And this is sort of the trend around the country, where the folks that run elections are using the federal money that was allotted last year, I believe, to the states, using that money to enhance their security footprint in their offices. And while I feel fairly comfortable today saying to you everything is fine, I can't really, not being a security expert either, I can't really say with confidence that in the future we won't be comfortable. So I think it's really, really important for us to move forward with this.

And we use all the services provided by the Department of Homeland Security. They have I think eight or nine of them. And one of them is ongoing. We get a report. They are scanning. We have what's called the Albert sensor installed, and that's from one of the other fingers of the Department of Homeland Security that monitors all of our traffic as well. The data center, everything there is monitored not only by my staff but by a security firm that we've hired to do so. And they report any suspicious activity.

Of course, each of the systems have different risks so we have different mitigation strategies for each of them. I can't say in detail what they are but I can tell you that we work very diligently every day to make sure everything

is safe. And we never connect the voting system to the internet. So there's an air gap between it and anything that talks to the internet.

COMPTROLLER FRANCHOT: Excellent.

MS. LAMONE: And we do have paper ballots, so.

COMPTROLLER FRANCHOT: And -- no. What was that last phrase?

MS. LAMONE: We do have paper ballots.

COMPTROLLER FRANCHOT: Yeah. That's music to most people's ears, that there is a paper trail now.

MS. LAMONE: Yeah.

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

MR. KOLBE: Thank you.

COMPTROLLER FRANCHOT: -- Madam Administrator, thank you for that.

MS. LAMONE: Thank you.

COMPTROLLER FRANCHOT: Any other questions on DoIT?

MS. LAMONE: I have got four items.

GOVERNOR HOGAN: I don't think there's any questions.

COMPTROLLER FRANCHOT: No. And I'm sorry, there was confusion with your sub-part of another thing.

MS. LAMONE: Thank you.

COMPTROLLER FRANCHOT: Item 12, if I could. Yeah, this is important. This is Item 12. This item contains a request to award a single bid contract for services to install telephone equipment in the new location of the Department of Education's Disability Determination Services. This contract is before the Board as a master contract task award, order award. I want to thank again the Governor and the Treasurer for joining me in bringing these types of contracts to the Board. Here previously they had not come back before us. But it actually has increased my concern about the need for transparency because according to my notes, of 108 task order contracts this Board has reviewed to date, 29 have been single bids amounting collectively to more than \$20.4 million in single bid contracts.

I'm pleased to say that single bids are at a record low right now. But now with this new package of proposals that are going to be coming before us with the task orders, I think we need to pay some attention to the fact that from your approved list, you are apparently awarding single bid contracts. And I thought that that was one of the solutions to the single bid situation that was going to come from this system that you have of master contract pre-approved people.

According to my background notes, of the five companies eligible to bid on this contract under the master contract, only one is currently providing these telephone installation services. Is that correct?

MR. KOLBE: That is correct, sir.

COMPTROLLER FRANCHOT: So it sounds like the company recommended for contract award frankly was bidding against itself. That being the case, I have a hard time seeing how anyone for that matter, taxpayers or myself, could possibly be assured that we're getting the best deal for their money with this contract. You know, I'm looking at the particular master contract. We know that the Board awarded a single bid task order for \$1.3 million to the same vendor in question here back in April. So if there's only one company on the master contract that can perform the services, why not I guess bid the contract out through traditional procurement process, as the Treasurer alluded to, and open the bidding up to the marketplace?

MR. KOLBE: Thank you, Mr. Comptroller. That's something that we can certainly do in the future. The -- you are correct in that the master contract has four master contracts authorized to provide sales, support, and repair of the equipment. The phone system that we've standardized on NEC is a, has been in place for eight years. And the vendor that is responding, it's because of the portfolio of vendors that are available. They have a, they have I guess the good fortune of having a stronger overall service offering and price than the other bidders. And over a series of solicitations that have been awarded under this contract in the past, the other bidders have ceased to respond because in the past they have not provided a, the most advantageous proposal for the State. So whilst

I certainly appreciate and agree with what you are saying about the single bid, I would only note to the Board that the history proves out that among the pool of contractors in the secondary competition, the vendor has a track record of providing the best price in comparison to the other offerors historically.

COMPTROLLER FRANCHOT: But what are you going to do to reduce the number of single bids that seemed to naturally happen from the vehicle of the master contract?

MR. KOLBE: Your suggestion seems like the most straightforward way to approach addressing the single bid.

COMPTROLLER FRANCHOT: Okay.

TREASURER KOPP: Are there in fact other companies that do PBX that aren't in the master contract?

MR. KOLBE: Yes. Yes.

TREASURER KOPP: Why aren't they? Did they not seek to be in the master contract?

MR. KOLBE: There were the four offerors that responded. I think that it's a matter of what the marketplace bore at the time that the solicitation was offered. I can certainly get you more detail, Madam Treasurer, if you would like on the particulars.

TREASURER KOPP: I just don't quite understand why. And the master contract lists are replenished periodically, is that right?

MR. KOLBE: Yes, that is correct.

TREASURER KOPP: Yes, because we've seen them. So why aren't there more PBX? Is it an old technology? I mean, why aren't they?

MR. KOLBE: That's a very good question. NEC has a list of approved partners. So phone systems have a, the underlying technology requires a certain expertise. So an NEC phone system can be supported only with a certain labor pool --

TREASURER KOPP: Right.

MR. KOLBE: -- that's competent to support that technology, as opposed to say another company. So NEC would have a list of partners, if you will, that --

TREASURER KOPP: But only one partner that's on the master contract list?

MR. KOLBE: There's four.

GOVERNOR HOGAN: There's four.

MR. KOLBE: There's four.

TREASURER KOPP: Who do this? Who do the PBX?

MR. KOLBE: There are four companies that are able to provide the service. I think to the Comptroller's question, if that's still what we're discussing, the one vendor that was awarded was the only bidder in this case. They were the only bidder because they, the other vendors didn't bid. And we,

our observation is that the other vendors did not bid because they did not, in the past they have not succeeded in receiving any awards. So they have stopped bidding.

GOVERNOR HOGAN: Any other questions?

COMPTROLLER FRANCHOT: So you're going to fix this somehow?

MR. KOLBE: Mr. Comptroller, yes. Like I said, I think that your suggestion about the, the straightforward approach to addressing it is either to bid it on the open market and offer a secondary competition, or to increase the pool of vendors, Madam Treasurer, as I think you were suggesting. That's another approach. But we will definitely address this so that, you know, we don't see additional single bids. I know that's something that the Board prefers not to see. Yes, sir.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR HOGAN: Great. Thank you. Is there a motion on DoIT?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Second? Three-nothing.

MR. KOLBE: Thank you.

GOVERNOR HOGAN: It's now 11:00 so we should probably break at this point to do the Bond Sale and hold off on a couple of items.

MR. LUND: Good morning. I'm getting everything pulled up here. Okay. So, if you have seen the news in the last few days you have probably noted that there are a lot of sort of flashing indicators in the global economy which are not great. But typically that means the inverse is happening in the bond market. So we had a very successful sale this morning. We sold \$500 million in Tax Exempt-Bonds in two bidding groups, and then another \$50 million in Taxable Bonds. For the first bidding group, we got a TIC of 1.13 for the low here from Morgan Stanley, which included \$67 million of premium. For the bidding group two, the low was Bank of America with a 1.98 TIC. Those were longer maturities, which is why the TIC is higher there, and about \$30 million of premium for that. And finally, for the Taxable we had another seven bids with Raymond James & Associates with the low TIC. So those were our results. And Treasurer, if you want to --

TREASURER KOPP: That's very good.

GOVERNOR HOGAN: It's fantastic. I think there should be cheers after all of that.

(Applause.)

TREASURER KOPP: It shows that Maryland is a great investment.

GOVERNOR HOGAN: Did you run the totals on all the premiums on the --

MR. LUND: Yeah. So we got a total gross premium of \$99,407,000.

GOVERNOR HOGAN: We couldn't get to a \$100 million?

MR. LUND: We couldn't.

(Laughter.)

MR. LUND: So --

GOVERNOR HOGAN: \$99 million.

MR. LUND: -- we'll work harder next time.

(Laughter.)

TREASURER KOPP: That's excellent.

GOVERNOR HOGAN: That's fantastic.

TREASURER KOPP: That's very good. And obviously what it means is we will be able to build the schools and other public facilities that are so seriously needed at a lower price than the taxpayers would otherwise have to pay.

GOVERNOR HOGAN: Fantastic.

TREASURER KOPP: And that's very good. It's too bad about our economy and the market. But it does show that you don't have to just invest in gold in tough times. You can invest in Maryland, too.

GOVERNOR HOGAN: Maryland is like gold to me.

TREASURER KOPP: It is. It is. So --

COMPTROLLER FRANCHOT: Can we double the amount?

TREASURER KOPP: Well that's what I --

COMPTROLLER FRANCHOT: I mean, really. That is just --

TREASURER KOPP: Really.

COMPTROLLER FRANCHOT: But what is the first tranche?

How long was that --

MR. LUND: So it has maturities going through 2029, so ten years is the longest maturity.

COMPTROLLER FRANCHOT: Pretty amazing.

TREASURER KOPP: So Governor, in order to essentially sanctify this, I would move that the Board adopt the resolutions before us today concerning the State and Local Facilities Loan of 2019, Second Series. In particular, I move that the Board ratify and approve the preliminary offer official statement, POS, dated August 7, 2019; the summary notice of sale for the 2019 Second Series Bonds published in the *Bond Buyer* on August 2, 2019; and the resolutions adopted by the Board on July 24, 2019 with respect to the bonds; and would ask for a second and a vote on those motions.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: All those in favor? Aye.

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: Aye.

Secondly, I would move that Morgan Stanley and Co., LLC be declared the successful bidder for Group 1 of the Second Series A Tax-Exempt Bonds in the aggregate principal amount of \$248,675,000, subject to resizing as provided in the official notice of sale, with a net premium of \$67,466,506.13. I love those. And a true interest cost of 1.133797 percent.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: All those in favor?

TREASURER KOPP: Aye.

COMPTROLLER FRANCHOT: Aye.

GOVERNOR HOGAN: Aye.

TREASURER KOPP: And I further move that the 1st Group of the Second Series A Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds, and ask for a second for that.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: All those in favor?

TREASURER KOPP: Aye.

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GOVERNOR HOGAN: Aye.

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: We have to do this, dot every I, cross every T. I move that the Bank of America Merrill Lynch be declared the successful bidder for Group 2 of the Second Series A Tax-Exempt Bonds in the aggregate principal amount of \$251,325,000, subject to resizing as provided in the OS with net premium of \$31,940,852.20, and a true interest cost of 1.984873 percent; and further move that the 2nd Group of the Second Series A Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds. I would ask for a second.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: All those in favor? Aye.

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: Aye. And four, I would move that Raymond James and Associates be declared the successful bidder for the Second Series B Taxable Bonds in the aggregate principal amount of \$50,000 subject to resizing as provided in the OS with a true interest cost of 1.609546 percent; and further move that the Second Series B Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid of the

bonds and ask for a second and a vote on the Second Series? \$50 million, sorry.
\$50 million, not \$50,000.

GOVERNOR HOGAN: That sounds like a lot more.

(Laughter.)

TREASURER KOPP: We can ask the fellows from Hebron.

GOVERNOR HOGAN: Yeah, we shouldn't have let those kids go.

(Laughter.)

TREASURER KOPP: And ask for a second and a vote on the
Second Series.

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: All those in favor? Aye.

COMPTROLLER FRANCHOT: Aye.

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

GOVERNOR HOGAN: Second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: All those in favor? Aye.

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: Aye. Governor, congratulations.

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GOVERNOR HOGAN: Congratulations, wonderful job.

(Applause.)

TREASURER KOPP: Thank you to Christian Lund and his great staff.

COMPTROLLER FRANCHOT: Bernadette, what is the lowest interest rate we've ever gotten?

MS. BENIK: This is the second lowest. The lowest we got was I think the (indiscernible) was like 1.11. It was in 2016, July of 2016. So this is the second lowest we've ever had.

GOVERNOR HOGAN: Very good.

COMPTROLLER FRANCHOT: Good work.

GOVERNOR HOGAN: And almost \$100 million.

(Laughter.)

GOVERNOR HOGAN: That's fine --

TREASURER KOPP: -- with pockets.

(Laughter.)

TREASURER KOPP: Sorry.

GOVERNOR HOGAN: Very good. Well, congratulations again to the Treasurer and her staff, and for everybody in both the Comptroller's Office, the Budget, all the other departments, everybody who worked to help make this happen. It really is a terrific accomplishment.

TREASURER KOPP: Bernadette Benik, the most outstanding public servant in the State of Maryland.

GOVERNOR HOGAN: There you, Bernadette. Thank you.

(Applause.)

GOVERNOR HOGAN: So we'll get back to our Agenda. We're moving on to the Department of Transportation.

MR. LEWIS: Good morning, Treasurer Kopp, Governor Hogan, Comptroller Franchot. For the record, my name is R. Earl Lewis, Jr., Deputy Secretary with the Maryland Department of Transportation. The Maryland Department of Transportation is presenting 12 items for approval this morning, and I have representatives here to speak on any item you have questions on.

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

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Is there a second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three to nothing on Transportation.

MR. LEWIS: Thank you.

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

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Department of General Services. The department has 21 items on our Agenda today. We are withdrawing Item 16, leaving 20 for your approval. We have representation to answer any questions you may have at this time.

GOVERNOR HOGAN: Thank you. Any questions on DGS?

COMPTROLLER FRANCHOT: Yes. Item 17.

MR. CHURCHILL: Item 17 is a CGL. Shirley Kennedy, Director of -- oh no. Seventeen is a tenant, it's MVA. And Kim White --

COMPTROLLER FRANCHOT: Terrific. Thank you. I understand this is an item that MVA is going to place two office trailers in the parking lot of a shopping center where the Parkville Branch MVA office is. It's needed to ensure that the number of customers entering the MVA facility do not exceed the capacity and apparently the demand is being governed by the new licenses that are required. And I know that we rank number one in the country, I believe Governor, under your leadership, and Administrator is it Nizer?

GOVERNOR HOGAN: Yep.

COMPTROLLER FRANCHOT: Yeah, good job. You've made great strides in improving customer service and efficiency. I salute the agency for that, especially with its ongoing efforts to ensure that every Maryland driver's license holder is compliant with the federal requirements in the Real ID Act. I'd

like to just ask a question about the ongoing effort on Real ID. I know the agency is devoting considerable staffing and outreach and marketing. Could you just briefly summarize what Real ID is and why this federal law is causing such an issue in the states?

MS. NIZER: Certainly. For the record, my name is Christine Nizer. I'm the Administrator of MDOT MVA. And Real ID was passed after the tragic events of 9/11. Essentially, the federal government wanted to ensure that when a state issued driver's license or ID card was presented that they could have confidence that the individual's identity had been verified appropriately. So various security standards were put in place from the documentation that an individual had to present. Those documents have to be retained by us. We're required to do verification through various electronic systems. We passed a law, the State of Maryland passed a law, back in 2011 and we began scanning documents for our new customers in 2009.

So we currently have on file documents required by the Federal Real ID Act for more than half of our customers. So we're really in good shape compared to most other states. In fact, some states only passed Real ID requirements within the last year or so. So we're much ahead of that.

In terms of having the right card, which the card has to have the star on it and you have to have documents on file. You have to have both of those

requirements. Just over 2 million of Maryland residents have one of those. So again, we're making really good progress.

We continue aggressive outreach efforts, both with direct mail, email. We've attended about 90 community events since April and we are going to continue to do that and be out. I really believe that that personal interaction with somebody is the best way to explain the requirements. It's a little complex and unfortunately quick sound bites don't exactly tell the customer everything they need.

So yes, we've added 100 employees. In June we saw 65,000 customers with appointments. I know the Treasurer remarked at one of the last meetings about the great appointment she had at our Annapolis branch office. And what I'm most proud of is the fact that in spite of the increased volume that we're seeing, customers continue to give our employees 98 percent satisfaction with customer service. And so, that tells me our employees are doing a great job with that and certainly Governor Hogan has made that a priority in terms of the customer service commitment. And we take that very seriously at MDOT MVA.

COMPTROLLER FRANCHOT: Excellent. What is the deadline for the federal law?

MS. NIZER: It's October of 2020.

COMPTROLLER FRANCHOT: And how confident are you that we're going to be able to take care of all of the folks that need to be verified by then?

MS. NIZER: I feel very confident that we have the resources and the capabilities to do that. Just at the Parkville location, which we're here about today, since May 28th when we opened through the beginning of the week, we served 18,000 customers there. They had an average wait time of seven minutes. So, you know, a good experience for those customers. And we've also opened a facility in Columbia as well with the support of DGS. So we're trying to be creative and look outside the box, extending hours to make times more convenient. So I do feel like we've got the resources necessary.

I will say that for certain customers who don't enter a federal facility or don't fly frequently, they may be able to wait until their expiration date. So we're, that's why the education process is really important. We don't want to make that customer come in unnecessarily and pay for a new product when they might not need one. So that's why we want to make sure all the information is out there and the customer can make the best decision for themselves.

COMPTROLLER FRANCHOT: Well, that's great news. I see Delegate Ebersole there. I wondered, Governor, if you would agree to let Delegate Ebersole come up and say a word because he has some legislation that

he was talking about. It may be helpful but yeah, Delegate, Eric, come on up here. If that's okay.

GOVERNOR HOGAN: Sure.

COMPTROLLER FRANCHOT: And thank you for that summary. Because it sounds like it's respecting everybody and responding to them and getting results for them. And that's a whole new reputation for MVA. Yeah.

MS. NIZER: We take customer service very seriously. And like I said, we've changed our whole approach to the point of making personal phone calls to people that are impacted. If we have their phone number, we are actually calling them and making sure they are aware of the requirements. So we take that very seriously.

COMPTROLLER FRANCHOT: Let's --

GOVERNOR HOGAN: And let me, and before the Delegate, let me say, first of all, that thank you for recognizing the work that her team, she and her team are doing. Because they are doing a great job under very trying circumstances. One of the things I was impressed with in going there was the employees are so much happier. Because instead of having people yelling at them because they have been waiting for hours, they are getting a 98 percent approval rating. So they are saying thank you and they really appreciate it. And the employees are really enjoying the customer service as well as the customers are. Right? I mean --

MS. NIZER: What we realized early on is that employees, you know, want to be held to a high standard, too. And so we, premier customer service is our motto and every employee throughout the agency knows what that means, knows what it looks like, we talk about it, we role play it. And so the employees have really gotten behind that and are excited about it and have pride, which maybe in the past there wasn't as much of that. You know, we don't allow the jokes about motor vehicle agencies and the kind of employees that they have. We don't tolerate that. Because we really do want to create that great experience for every customer. And we know every customer in Maryland has to come see us, but that doesn't mean it shouldn't be a great customer experience for them. And that's what we're dedicated to everyday. And you know, every story I hear that's not so great is an opportunity to make it better. And that's how I see it.

COMPTROLLER FRANCHOT: Congratulations.

GOVERNOR HOGAN: Thank you very much.

TREASURER KOPP: Governor, could I just, I did say this before but I want to say it again to you and thank you. When I went through this and got the updated Real ID, not only was the MVA very efficient, the people out on Harry Truman Parkway, not only were they very efficient but they were very pleasant. And the whole feeling in that whole large room was positive. It was really, it was different than, A, the image, but B, than sometimes --

MS. NIZER: The reality.

TREASURER KOPP: -- it used to be, the reality. And I just want to thank you. However you've done it, it really made a big difference and is a model for --

MS. NIZER: It is a team effort. I appreciate that and I'll take that back to my employees.

TREASURER KOPP: Seriously.

GOVERNOR HOGAN: Yeah. Thank you.

COMPTROLLER FRANCHOT: Are you any good at fixing potholes?

MS. NIZER: Sorry, that is not my expertise.

(Laughter.)

MR. LEWIS: We have other people who do that.

GOVERNOR HOGAN: We have other people doing that. Yeah, we've already repaved half the entire State highway system.

MR. LEWIS: That's right.

COMPTROLLER FRANCHOT: I didn't mean to ask Delegate Ebersole, you may not want to say anything.

DELEGATE EBERSOLE: Well --

COMPTROLLER FRANCHOT: But thank you for highlighting --

DELEGATE EBERSOLE: -- I would like to echo some of the things that you have said about the MVA. They have been put in a difficult

situation, clearly. They've got different sets of instructions from the federal government and they are trying to now meet the new set of instructions and under some pressure, because the time constraints are tough. And Ms. Nizer has been, has spent time meeting with me and with Delegate Stein, the Vice Chair of the Department of Transportation, to talk to us about the problem. And they are doing yeoman's work of trying to wind their way through this. There are so many different categories of people they have right now, people like me who have recently updated their licenses and I'm fully compliant. People who updated their licenses when they had a different set of instructions have to come back and become compliant. And people have what we would call the old style licenses, who should maybe come in but don't have to, depending on what they are looking for. And they are trying to make sure they notify everybody of what's going on.

We do have one category of people we're concerned about, and that's people who aren't compliant right now and may not know it, or may not be willing to come back in. Either they are defying their notifications or they are missing them. And we're concerned about the federal government wants those licenses confiscated in the event of a traffic stop. Those people, the MVA is asking law enforcement to confiscate those licenses. It puts them in a bit of a situation. And we're working on some legislative fixes for that right now to try to take care of those folks.

It's clearly not the MVA's intent to trap people here. They are trying to follow instructions. And as I say, I think they have been placed in a difficult situation. My experiences, and I do a lot of sort of anecdotal checking with people about their experiences at the offices. And so you guys have given me three or four more reports here of people who say if you go with a good attitude and you try to make an appointment, you're going to go fine. I personally was in and out in less than 20 minutes. So.

GOVERNOR HOGAN: Great.

COMPTROLLER FRANCHOT: So the deadline, are they confiscating licenses now? Or is that going to be after the deadline?

DELEGATE EBERSOLE: So --

MS. NIZER: So we're reaching out to customers now. It was, when we started the process it was slightly over a million customers. These are individuals who have the new license that has the star on it but don't have documents on file with us. So we started reaching out to them in December last year, the first group. We're giving everybody six months. Obviously, we wouldn't want to notify everybody all at one time. The first group had a June deadline and we extended it to July. There's a very small number of those individuals who have not yet responded. We will continue notifying them that they need to respond. We have put an indicator on their driving record. However, they would not be pulled over for this. They have to be pulled over for

a driving infraction, so speeding, tail light out, some issue. And then at that point, the law enforcement officer would have that information. We have provided training. It's certainly at the discretion of the law enforcement officer what action they take. We have education material to provide to the driver about what they need to do. And all individuals have been successful, you know, in getting that license when they have been provided information.

COMPTROLLER FRANCHOT: Yeah. I can see taking someone's license away after somehow informing them. But taking it away out on the highway could be a bit of a problem.

MS. NIZER: So and just to be clear, we've provided more than six notices by mail and email to these customers. Again, we've reached out by phone, where we had phone numbers. We've done everything we possibly could to notify them of the requirement. If they were even trying to comply and unable to do it by the deadline, we've extended them. So we are doing everything we possibly can. There are just some individuals who have not responded at this point.

COMPTROLLER FRANCHOT: And how --

MS. NIZER: But it's a very small number.

COMPTROLLER FRANCHOT: What's the estimate?

MS. NIZER: So the number is 8,000.

GOVERNOR HOGAN: 8,000 out of a million?

MS. NIZER: Out of --

DELEGATE EBERSOLE: No out of (indiscernible). Yeah. That number might grow --

GOVERNOR HOGAN: And the federal government is giving us --

DELEGATE EBERSOLE: -- as more people are notified and don't comply.

GOVERNOR HOGAN: -- instructions that they have to be revoked.

MS. NIZER: That's right. We provide quarterly reports to the federal government and they are monitoring our compliance. We were the first state in the country to be recertified and so obviously they felt comfortable with the current process we're using and we just need to make sure that stays the case.

GOVERNOR HOGAN: Okay. Thank you.

TREASURER KOPP: That's 8,000 out of that group that you --

MS. NIZER: That's right.

DELEGATE EBERSOLE: They call them batches, right? There's a batch of people and they notify.

GOVERNOR HOGAN: Mm-hmm.

DELEGATE EBERSOLE: Obviously they couldn't notify everybody at once. It would have caused a terrible rush.

GOVERNOR HOGAN: Yeah.

DELEGATE EBERSOLE: So they are doing it -- and again, as I say, really smartly in, you know, a sort of rolling system to try to get everybody up by October 1, 2020.

TREASURER KOPP: What's the next batch?

MS. NIZER: Not until November the next deadline is. And the good news is we're seeing a much higher rate of people coming in. So 20 percent of the people we notified with a November deadline have already come in and taken care of that. So frankly, that is higher than our renewal rates. So good news in terms of people responding to those notices.

COMPTROLLER FRANCHOT: Well I'm a big fan of the Governor's efficiency and customer service. But you might think about the first time they are pulled over for something else and they have a problem. But taking someone's license right there is, may sound good when you pass the law but it can be in certain instances really questionable. I mean, you might allow them to have one chance with just a civil ticket or something, and then if they don't show up and they are pulled over again then you can confiscate it. But I'm just speaking up for people whose addresses may not be good for whatever the reason is. I'm not trying to stop the enforcement of the federal law. I'm just suggesting, you know, as opposed to you sending a letter, someone with a uniform on standing there saying I'm going to give you one chance and after this you're going to have your license confiscated. That's a little softer than give me your license and

you're going to have to call someone and figure out how to get your car off the highway.

MS. NIZER: And law enforcement does have that discretion to make the decision --

COMPTROLLER FRANCHOT: Oh.

MS. NIZER: -- whether or not they recall the license. And that's been clear. Just like they do in any traffic stop. I mean, they can determine whether they give you a warning --

COMPTROLLER FRANCHOT: Oh, so it's not a mandate that they confiscate --

MS. NIZER: No. I mean, it's on the driving record, like many things are. When people have insurance violations we put tag pickup orders because they, you know, haven't paid insurance for a very long time and it's a dangerous thing, law enforcement picks it up. So there's various administrative things we put on records that law enforcement takes action. This is just one more of those things.

COMPTROLLER FRANCHOT: Okay. So it's discretionary.

MS. NIZER: It's discretionary.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Thank you.

DELEGATE EBERSOLE: Thank you for inviting me up.

GOVERNOR HOGAN: Any other questions on DGS?

COMPTROLLER FRANCHOT: No. Move approval.

GOVERNOR HOGAN: Is there a second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. That concludes the Board
of Public Works.

(Whereupon, at 11:27 a.m., the meeting was concluded.)