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

March 6, 2019
10:14 a.m.

PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

GOVERNOR HOGAN: Welcome to the Board of Public Works. I don't know if you heard that, but the Comptroller's mail is being sent to the Treasurer's house.

(Laughter.)

GOVERNOR HOGAN: I'm not sure how that happens. I'm glad it's not coming to Government House. I probably would have just tossed it in the trash.

(Laughter.)

GOVERNOR HOGAN: It says late, late notice.

(Laughter.)

GOVERNOR HOGAN: Past due.

(Laughter.)

TREASURER KOPP: It started off with like once a month, and now --

(Laughter.)

GOVERNOR HOGAN: Well first of all, I want to take a moment to congratulate Treasurer Kopp on her reelection by the Legislature.

TREASURER KOPP: Thank you.

(Applause.)

GOVERNOR HOGAN: I'm really pleased that our colleagues in the General Assembly realized the wisdom of keeping such an incredible person in this position. And together with Treasurer Kopp and Comptroller Franchot, I really believe that we have shown that it's possible to accomplish a heck of a lot by working together in a bipartisan way. And I think that's exactly what most Marylanders want us to do. So we haven't agreed on every single issue. But I think when we disagree we do so in a civil way and I just want to thank Treasurer Kopp. She deserves a lot of the credit for that and she truly is a dedicated public servant. And I consider it an honor to serve with you.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: So thank you very much.

TREASURER KOPP: I appreciate it.

GOVERNOR HOGAN: Congratulations. And with that, I'm going to turn it over to our distinguished Comptroller. Or let's go with the Treasurer first, since it's her --

COMPTROLLER FRANCHOT: Yep.

GOVERNOR HOGAN: -- her first meeting of her fifth term.

TREASURER KOPP: That's it, Mr. Governor. It's a pleasure to be here. Thank you very much. This is a unique constitutional body, the Board

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of Public Works. And I think when all is said and done not only does it suit Maryland well and help us maintain a strong, well-integrated financial system starting from, as we will see tomorrow, revenue estimates, through debt affordability, through the budget, through balancing the budget after the fact when necessary, through open and transparent procurement and expenditure of State funds. It's unique and I think a very, very good institution. Which does not mean that it's always unanimous. But does mean that we can and almost always do operate in a civil way, respecting the concerns of others and understanding that we each represent millions of Marylanders and try to do what is best for them.

So with that, Governor, I just want to thank you --

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: -- and say I gather Spring is about to be sprung upon us. And --

GOVERNOR HOGAN: Boy, I sure hope so.

TREASURER KOPP: -- it's none too soon.

GOVERNOR HOGAN: Boy, I think we're setting a good example for those folks just down the street, 28 miles down the road, down Route 50.

TREASURER KOPP: Oh Lord, I hope so.

GOVERNOR HOGAN: Yeah. Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Thank you, Governor and Madam Treasurer. And Treasurer Kopp, I join the Governor in congratulating

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you and am delighted that we are together for the next few, term, and congratulations on the victory. It was tougher behind the scenes than people realize.

TREASURER KOPP: It was a great experience.

COMPTROLLER FRANCHOT: Yeah, it's a great experience, too.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: So Governor, as everyone here is aware, disturbing reports emerged last week that a member of the General Assembly uttered words that in my book disqualify her from holding office. This incident served as a sobering reminder that racism and bigotry, despite the progress that we've made, are alive and well even in the corridors of power in Annapolis. We as Marylanders and as Americans must vehemently reject this blatant expression of hate. And as so many of our colleagues and of course of citizens across the State have expressed, she should not continue to hold office. Therefore, I call on the Maryland House of Delegates to expel Delegate Lisanti immediately.

While this is undoubtedly a rare, severe, and drastic move, Delegate Lisanti's words are inexcusable. What's more, the attempts to sweep Delegate Lisanti's actions under the rug shed a spotlight on a culture of secrecy that has long been associated with this town. A culture that's been sustained by

fears of retribution and one that encourages people to turn a blind eye to the unethical and immoral behavior that permeates this town.

Take this particular event, for example. We're talking about public officials, some of whom are the most influential in this building, enjoying special access, midnight and after hours, to a private cigar lounge. It is quite literally a smoke filled back room in Annapolis. Word gets around this town at lightning speed and the fact that no one wanted to speak up about this publicly is a damning indictment on the institution where I served 20 years.

When did legislative leadership find out about this and why did it take a bombshell report, not one week or two weeks or three weeks, but four weeks after the incident for them to take action? Who knew what, when, and why? Why did they stay silent?

Delegate Lisanti's constituents deserve answers. The residents of Prince George's County deserve answers. And all Marylanders deserve answers. We have to end this culture of silence and complicity. Because this culture only serves those it protects, not the citizens of the State of Maryland. For far too long people have been silenced and victimized by the abuse that this culture cultivates and we dishonor those that have entrusted us to serve by sitting idly by and allowing it to continue.

I want to specifically thank the *Washington Post*. Without Ovetta Wiggins and her reporting a month after this outrageous incident occurred, we

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wouldn't even know about it. It would just be part of the secret society down there at the room that you need a special key to get into after hours.

So a lot of questions. Hopefully we'll see some more examination of this incident and the cone of silence that descended over it for one, two, three, four weeks. Thank goodness the *Washington Post* exists. Thank you.

GOVERNOR HOGAN: Thank you, Mr. Comptroller. Now we're going to start with the --

TREASURER KOPP: Governor, could I just add it is a terrible episode. I agree completely and I am once again very proud of the *Washington Post*, a great, great institution.

What concerns me about the whole episode is the labeling, in this case a terrible racist label. But we have seen an increasing incidence of labeling people and places, Comptroller, when it's not necessary. And my concern is as a student of history, and I know you are too, when you start labeling people or groups of people or places as though they were somehow different than you, then they become less than you, and then you can treat them differently. From my perspective, there is the road to hell. Because that's where you get to treating people as though they were not fully human. And we've seen this over and over again, not just 150 years ago in slavery but a generation ago in ovens. And it's something that I think we all have to speak out about when we see it. We've been

talking about this. This is not unrelated to the swastikas and the ropes that are out there.

Maryland I hope and believed was much better than many places. But we're not perfect. And we have a long way to go and there are pressures at the national level and all over to divide us, and to encourage us to see ourselves as somehow different or others as different in a way that means it's okay not to think there but for the grace of God go I. And this is just one more example. And I know you share that concern, Governor. And you've spoken. And I think we just have to speak more loudly and more often. And I thank you.

GOVERNOR HOGAN: I absolutely agree. Let's get started with the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 27 items on the Secretary's Agenda this morning. We have six reports of emergency procurement. We are withdrawing Item 7 at the request of the Maryland Stadium Authority.

GOVERNOR HOGAN: Any questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Item 27.

SECRETARY MCDONALD: Item 27 is the Treasurer's bond resolution. Would you like Ms. Benik to come up or do you want to handle it, Madam Treasurer?

TREASURER KOPP: As you know, we will be meeting with the rating agencies on tomorrow to talk to them and try to get them to re-up the AAA bond rating preparatory to going to the market for about \$490 million competitive sale. And we think the market is going to be pretty good. As usual, about 60 percent or a little more of the funds go to schools and education and the other State projects that come through the normal budget process. Christian Lund is the Director of Debt Management, Governor, Comptroller, for your State, and is here to answer any questions that you have about the sale.

GOVERNOR HOGAN: Good morning, Mr. Lund. Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. I just wanted to register my concern about the DLS recommendation that's been published downstairs and commented on the press to cut \$76 million from our debt service and tie this Board's hands by forcing us to raise the State property tax rate to prevent defaulting on our debts and jeopardize our coveted AAA bond rating. I know it's just a recommendation but it's in writing and it's down before the second floor or the first floor. And you know, I know some of our friends there have said they don't intend to go that route. Their plan is to find the money within the existing budget to close the budget gap and put a down payment on the Kirwan Commission recommendations. But I spent 20 years on the House Appropriations Committee and when something, an option like this, low hanging fruit comes

along that looks easy to pass the buck, so to speak, up here, it's pretty tempting. I'm having a hard time, Governor, getting my head wrapped around the idea that we need to make cuts to the budget and this discussion about should they take this action. I know it's a little bit complicated. But if they take this action, it would force us on the Board of Public Works to raise the State tax, property tax rate. It's hard to believe that that exists down there, downstairs, with the budget when we reported a surplus of \$504 million in July and we wrote the State's revenues up by another \$700 million. I've consistently advised as the Chair of the Board of Revenue Estimates our State leaders in the Legislature particularly to save that money and not spend it. So since we, I guess, still have a billion dollars sitting in the coffers somewhere, how in the world did we get to this point? And why are legislative staffers actually talking about raising taxes on working homeowners or stiffing our creditors?

So I hope that that goes nowhere, because it would, it's basically a passing of the obligation from downstairs to up here on the Board of Public Works. And I for one am very clear that I'm not going to play that kind of game. So thank you for being a useful audience for me.

(Laughter.)

GOVERNOR HOGAN: Well yeah, thank you, Mr. Comptroller. I couldn't agree more. The reason I'm Governor is because after 43 consecutive tax hikes, taking \$10 billion out of the pockets of Marylanders, people were fed

up and decided to do something about it. I can tell you that my very first budget we submitted we eliminated the \$5.1 billion structural deficit and have been climbing out of the hole and trying to be more fiscally responsible. And now in 60 days the Legislature has already proposed \$5.6 billion in mandated spending in spite of declining revenues and a \$200 million write down. And I can assure you, and this is a legislative staff recommendation and we hear from the presiding officers they are not going to do that. But just in case there's any misunderstanding on the part of the Speaker or the Senate President or any of their friends downstairs, there is not going to be a property tax increase. So they are going to have to find another way to maybe tighten their belts and stop increasing mandated spending. Because neither the Comptroller nor I, and I would imagine not even the Treasurer, would want to vote for a property tax increase. So and I don't want anything to impact our critical AAA bond rating, which is so important to us. And even this kind of crazy talk downstairs could, it's not helpful. So --

TREASURER KOPP: Governor I think it's quite clear --

GOVERNOR HOGAN: -- sorry we brought you up as the foil here.

(Laughter.)

GOVERNOR HOGAN: I didn't intend to do that.

TREASURER KOPP: We are going to pay our debts. There's no question about it. I wanted to say your Secretary at the hearing in the Senate this week and the House last week made it clear that this administration was not going to be supporting a tax increase --

GOVERNOR HOGAN: Right.

TREASURER KOPP: -- and that it wouldn't in fact be needed. So the --

GOVERNOR HOGAN: Right. Right.

TREASURER KOPP: -- and the leadership of both committees, but particularly the House Committee as I recall, made a point of saying the staff is supposed to bring up all the ideas they can think of to help reach a bottom line.

GOVERNOR HOGAN: Yeah.

TREASURER KOPP: But we are not pushing this either.

GOVERNOR HOGAN: Yeah. Last week they recommended eliminating all of the crime fighting funding for Baltimore City.

TREASURER KOPP: Well whatever, yeah. Right.

GOVERNOR HOGAN: Which we suggested to them was not a good idea to cut that out of our budget.

TREASURER KOPP: But that's their jobs. The staff.

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

COMPTROLLER FRANCHOT: Move favorable.

GOVERNOR HOGAN: Second? All those in favor? Three-nothing. Now we're going to move on to the DNR Real Property Agenda and I want to welcome and congratulate our newest member of our cabinet, Secretary Jeannie Haddaway-Riccio. She was just confirmed in the Senate and she's had a distinguished, long distinguished career in the Legislature in the House of Delegates, and then served admirably as my Deputy Chief of Staff. And we're very sorry to lose her here off the second floor but we think she's going to do a terrific job running the Department of Natural Resources. So welcome. Jeannie, we're happy to have you.

(Applause.)

MS. HADDAWAY-RICCIO: Thank you very much, and good morning, Governor, Madam Treasurer, and Mr. Comptroller. I'm for the record, Jeannie Haddaway-Riccio, Acting Secretary of Natural Resources. Today we have 13 items on our Real Property Agenda for which we are seeking approval.

GOVERNOR HOGAN: Any questions on DNR?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing. That's, it's not going to always be like that --

(Laughter.)

MS. HADDAWAY-RICCIO: I'll take it.

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GOVERNOR HOGAN: Good start, though. Up next we have Department of Business and Management.

MR. BRINKLEY: Thank you, Governor, Mr. Comptroller, Madam Treasurer. For the record, David Brinkley, the Secretary of the Department of Budget and Management. We have 16 items for your consideration. Items 7, 8, and 9 have been revised and 16 is a supplemental. And I have people here to address any concerns or questions you may have.

GOVERNOR HOGAN: Questions on DBM?

COMPTROLLER FRANCHOT: Item 4.

GOVERNOR HOGAN: Item 4.

MR. BRINKLEY: Item 4-S-MOD, Amalie Brandenburg, Deputy for Finance for MSDE, or is Jennifer Judkins here?

GOVERNOR HOGAN: Good morning.

MS. BRANDENBURG: Good morning.

COMPTROLLER FRANCHOT: Good morning and thank you for being here. This apparently is a request from your agency to retroactively approve modifications to a contract with Measured Progress for the development, administration, and scoring of the State High School Assessments for government and science. And I'll spare you and my colleagues reiterating my concerns and strong opposition to the outsized role that standardized testing has had in our public education system and how it has transformed the classroom learning

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experience from one where the teacher has the flexibility to tailor lesson plans for their students to one where they are essentially required to teach test materials. These standardized tests have succeeded in taking the joy out of teaching. Period.

I do want to follow up, however, on a discussion that Dr. Salmon and I had at our March 2017 Board meeting since I mentioned that this contract was reduced by nearly \$1.3 million to reduce human scoring labor through the use of artificial intelligence. Isn't that a sad commentary on the state of our society that a robot, robot, does a better job at determining whether or not a student answered the question correctly, better job than human beings. So I think I asked are the teachers, public school teachers in Maryland, being paid to review these, many of them are essays, I'm told. But instead we have a robot looking at the essay. But I'll put that aside.

Last March I floated the idea of having teachers who need a little extra cash in their pockets, it would be a supplementary source of income, and obviously are better than a machine in reading and evaluating an essay. So apparently Dr. Salmon said back then we're going to definitely look into it. So I guess my question is where are we on that?

MS. BRANDENBURG: Thank you. Thank you for your question. I'm Amalie Brandenburg. I'm the Deputy for Finance and Administration at MSDE, and with me I have Dr. Judkins and I think she's probably best suited to answer that question for you.

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COMPTROLLER FRANCHOT: Excellent.

GOVERNOR HOGAN: Thank you.

DR. JUDKINS: Yes. And we actually for the AI scoring, the artificial intelligence, we have human scoring as well. So it's just a backup. It's a redundancy. So we have two scores, both the human and a computer score. And then we compare those two scores to see how well they agree. So humans are still scoring them but, again, it is a cost savings to train the AI engine. So we do have teachers as a part of it.

COMPTROLLER FRANCHOT: So who are the humans? Are they public school teachers in the State?

DR. JUDKINS: The scoring is, actually does happen outside of our State. It --

COMPTROLLER FRANCHOT: Yeah.

DR. JUDKINS: -- could be Maryland teachers. But it's --

COMPTROLLER FRANCHOT: Yeah.

DR. JUDKINS: -- we couldn't guarantee --

COMPTROLLER FRANCHOT: So the answer is, you looked at it but you didn't do anything.

DR. JUDKINS: For?

COMPTROLLER FRANCHOT: No, you looked at it. You didn't do anything --

DR. JUDKINS: To --

COMPTROLLER FRANCHOT: -- about hiring Maryland public school teachers --

DR. JUDKINS: To be a part of it?

COMPTROLLER FRANCHOT: -- to be involved and be a part of this?

DR. JUDKINS: Some will but we couldn't guarantee all of them would be, right.

COMPTROLLER FRANCHOT: Yeah. So good. I mean, really.

DR. JUDKINS: Yeah, it does, it is a little bit of a conflict of interest as well if we have all Maryland school teachers doing it. Because then they could possibly be scoring their own students' work and would need to be, that would be --

COMPTROLLER FRANCHOT: So we want to have a robot do it?

DR. JUDKINS: What's that?

COMPTROLLER FRANCHOT: We want to have a robot do it, out of state robot?

DR. JUDKINS: No. That just actually, it increases, or it decreases the time. But we still have human scoring. And some are Maryland teachers. But --

COMPTROLLER FRANCHOT: How many humans?

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DR. JUDKINS: How many altogether doing the scoring?

COMPTROLLER FRANCHOT: Yeah. How many humans?

DR. JUDKINS: It would depend on the number of test items coming in. I don't have those numbers right now.

COMPTROLLER FRANCHOT: Okay. Well could you get them to us?

DR. JUDKINS: Sure. Absolutely.

COMPTROLLER FRANCHOT: Because it sounds to me like 98 percent robots and --

DR. JUDKINS: No. One hundred percent of the scores would be human scored, 100 percent by AI.

COMPTROLLER FRANCHOT: Okay.

DR. JUDKINS: And then we check the agreement. So every item scored on the HSA is actually being scored --

GOVERNOR HOGAN: Maybe this is an issue that you and Dr. Salmon --

DR. JUDKINS: Yeah, I apologize for not --

GOVERNOR HOGAN: -- could follow up with the Comptroller on so that --

COMPTROLLER FRANCHOT: That's crazy.

GOVERNOR HOGAN: -- you can address any concerns that he may have.

COMPTROLLER FRANCHOT: Okay. Thank you.

DR. JUDKINS: Sure.

MS. BRANDENBURG: -- happy to do. Thank you.

GOVERNOR HOGAN: Yeah. Thank you.

TREASURER KOPP: I have a brief question on Item 3, the Commerce --

MR. BRINKLEY: Elizabeth Fitzsimmons, Executive Director of Tourism. Is she here? Here she comes.

TREASURER KOPP: Yeah. I'm not sure it's actually of you -- yeah, please, to you specifically. Could you identify yourself?

MS. FITZSIMMONS: Yes. For the record, I'm Elizabeth Fitzsimmons, Managing Director for the Division of Tourism, Film, and the Arts. And I'd be happy to answer any questions that you may have.

TREASURER KOPP: Yes. Well, as you know the question came up from a number of different people about why we were using out of state vendors --

MS. FITZSIMMONS: Right.

TREASURER KOPP: -- essentially instead of in state for advertising and getting people to know our State, which seemed a reasonable question.

MS. FITZSIMMONS: Right.

TREASURER KOPP: And your response was because over time, over the last several years, the number of, I thought --

MS. FITZSIMMONS: Mm-hmm.

TREASURER KOPP: -- the number of firms in Maryland that were competent --

MS. FITZSIMMONS: Right.

TREASURER KOPP: -- to do these things has reduced significantly. And of course, we're also trying to reach out of state people to come in --

MS. FITZSIMMONS: Right.

TREASURER KOPP: -- to Maryland. I'm not sure I buy all that, but that aside this is the Department of Commerce, even though you're the Tourism, and one of the functions of the Department of Commerce is to grow commerce in Maryland. So that being the case, what are we doing to remedy the situation and to help grow our in state businesses so that there are more to compete?

MS. FITZSIMMONS: Right. Brenda Lee is with me. She can handle the procurement issue. But if it's more of the global --

TREASURER KOPP: Yeah.

MS. FITZSIMMONS: -- I also have Deputy Secretary Ben Wu here with us. The capacity issue that we addressed in our response is really about, you know, their bandwidth, their capacity to do that. There are smaller firms who can't really ramp up to that. We do have --

TREASURER KOPP: They can do parts of it. That was the other question --

MS. FITZSIMMONS: Right. And they do and we have a lot of smaller firms who are coming in under the MBE requirements and then folks that we just know work really well in that capacity and we bring them in and we share that contract with them.

TREASURER KOPP: So what could we do more to ensure that we're not only bringing them in and they know about it --

MS. FITZSIMMONS: Right.

TREASURER KOPP: -- but they actually get jobs?

MS. FITZSIMMONS: Well with magazine publishing and digital content development, it really is, in some ways it's somewhat of a risky business. Publishing is very volatile right now. Everyone said a few years ago that print would be dead and it hasn't. And it's actually still there but it is a really risky

venture and putting that kind of money and resources, personal resources forward to start up that kind of business.

TREASURER KOPP: So one thing we could be doing is looking at risk mitigation, maybe, to --

MS. FITZSIMMONS: Right.

TREASURER KOPP: I mean, this is I know a high level question. But clearly there is a need for these sorts of businesses --

MS. FITZSIMMONS: Mm-hmm.

TREASURER KOPP: -- and they will be continuing and they will have different facets --

MS. FITZSIMMONS: Right.

TREASURER KOPP: -- some digital, some hard, all sorts of things.

MS. FITZSIMMONS: And --

TREASURER KOPP: And we should be growing --

MS. FITZSIMMONS: Right. And we did have local firms who were part of the bid process and who chose not to respond. And Brenda does have that information, Ms. Lee does have that information --

TREASURER KOPP: -- back to us.

MS. FITZSIMMONS: But they just, they realized in aspects that they didn't really have the capacity to meet the demands of bringing, you know, 41 million visitors to the State of Maryland --

TREASURER KOPP: Right.

MS. FITZSIMMONS: -- and generating \$18 billion in revenue for the State.

TREASURER KOPP: So but then I guess the question is looking at this construct, if there is a way without costing significantly more money for them to bring \$10 million and somebody else to bring \$10 million, using a different device. This is, this is just an area I think it would be useful to push through.

MS. FITZSIMMONS: Right. And --

TREASURER KOPP: I'm not voting against this contract.

MS. FITZSIMMONS: No. We understand that and we are very cognizant of the fact that when we do these bids in looking at in state versus out of state firms, we agonize over that process.

TREASURER KOPP: Maryland used to be home of the premier, of premier companies in this area.

MS. FITZSIMMONS: And so many printing presses now have all consolidated and now there's only really three of them.

TREASURER KOPP: Yeah.

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MS. FITZSIMMONS: And there were several here in Maryland at a time. Back when I first started --

TREASURER KOPP: Yeah. So we're going to see what we can do for, going out for the future, whether through new technology or partnering with other groups to help reinvigorate, I would think. Thank you. Thank you.

GOVERNOR HOGAN: Thank you.

MS. FITZSIMMONS: Thank you.

GOVERNOR HOGAN: Any other questions?

COMPTROLLER FRANCHOT: Item 9-S, please.

MR. BRINKLEY: 9-S, MSDE, Amalie. You were just here. Amalie Brandenburg.

COMPTROLLER FRANCHOT: Yes, thank you.

MS. BRANDENBURG: Mm-hmm.

COMPTROLLER FRANCHOT: Welcome back.

MS. BRANDENBURG: Thank you.

COMPTROLLER FRANCHOT: This is a request from the Department of Education to award a three-year single bid contract with two one-year renewal options to Nobi Group, a Tennessee based firm for research and data analysis for the Childcare Subsidy Program. My questions really go to the procurement of this contract, specifically the disqualification of the incumbent

vendor, Towson University based Regional Economic Studies Institute, or RESI I guess is its --

TREASURER KOPP: RESI.

COMPTROLLER FRANCHOT: RESI? What is it? RESI? From apparently prohibited, the procurement prohibited them from submitting a bid for this contract. It's my understanding that the 2018 budget bill language specifically forbade the department from using contractual services through an interagency agreement, i.e. Towson University. Instead the budget bill allowed the department to only use contractual services that were obtained through competitive bid hence we have the single bid vendor request before us.

The joint chairmen's report provided even greater insight into this highly irregular language in a budget document. Specifically this budget language was exclusively targeting the Towson based group, Towson University based group. It says, "RESI has been unable to produce accurate estimates in recent years, particularly since the reauthorization of the Federal Childcare and Development Block Grant." End of quote from the budget bill.

I sat on the House Appropriations Committee for 20 years. I chaired two of its subcommittees. I have to tell you, Governor and Treasurer, I don't recall instances when budget committees got involved in the procurement process by barring a specific vendor, and a public institution no less, Towson University, from participating in the procurement process. And it's my

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understanding that RESI did in fact submit a bid and filed a protest after the award went to the NOBI Group, out of state, Tennessee, and their bid was rejected on the grounds that any award to RESI would take the form of an interagency agreement and therefore violate the budget bill mandate.

So my first question is did the Department of Education make this request to the budget committees that RESI be excluded from participating in the procurement process?

MS. BRANDENBURG: We did not.

COMPTROLLER FRANCHOT: Did, you --

MS. BRANDENBURG: We did not.

GOVERNOR HOGAN: So where do we think it came from?

MS. BRANDENBURG: I would be speculating.

GOVERNOR HOGAN: That's the first I've heard of it. That's outrageous.

COMPTROLLER FRANCHOT: So I guess my second question is this. Was --

GOVERNOR HOGAN: -- illegal.

COMPTROLLER FRANCHOT: -- yeah, exactly. Was in fact RESI doing a poor job and producing inaccurate data as the joint chairmen's report states? Where did they get that information? What? Yeah. But --

GOVERNOR HOGAN: Make a motion --

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COMPTROLLER FRANCHOT: To defer?

GOVERNOR HOGAN: Yeah.

COMPTROLLER FRANCHOT: Yeah. I'm happy to --

TREASURER KOPP: Well what is the impact of --

COMPTROLLER FRANCHOT: Yeah, what is the, I mean, if you guys, they must have heard from somebody that they weren't, you or someone didn't think they were performing up to expectation. That's not a reason to ban them from a procurement. I don't remember that ever happening in budget bill language.

MS. BRANDENBURG: No, I don't either.

GOVERNOR HOGAN: I'm going to make a motion that we defer this item. We'll pull this out of the --

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR HOGAN: We have to get more information.

MS. BRANDENBURG: Certainly.

GOVERNOR HOGAN: This doesn't sound even legal to me. It's the first I've heard of it. Thank you, Mr. Comptroller, for bringing it up to our attention. We want to have Budget and our legal team take a look at where this budget language came from and what the origin of it is.

MR. BRINKLEY: Yeah. Governor and Mr. Comptroller, we will -

-

GOVERNOR HOGAN: And how in the hell this came before us.

MR. BRINKLEY: Yeah. We'll get back to you on it. I do know that in the conference committees they were inserting some because there has been special attention paid to all of these agreements. There has been an allegation on some regards that --

GOVERNOR HOGAN: -- get all the information, since we don't have it today, and let's defer the item.

TREASURER KOPP: Yeah. I have seen it at a higher level, I mean, in general --

GOVERNOR HOGAN: Is there a second?

COMPTROLLER FRANCHOT: -- second --

GOVERNOR HOGAN: There's a motion. It's been seconded.

MR. BRINKLEY: We'll get that for you.

GOVERNOR HOGAN: All those in favor?

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: Three-nothing. Thank you.

TREASURER KOPP: Governor, Item 8. I just want to say that the, I support Item 8. It's the Baltimore City Community College procurement, retroactive procurement. I get it. And I understand there is an effort to give Baltimore City Community College greater independent procurement authority, like St. Mary's or Morgan. And I would hope if this happens that we would

work, you would work with the Community College to support their capacity to do procurement. I don't know. I'm looking at DGS and you, Mr. Secretary. Because, I mean, there are just decades and decades of issues and Baltimore City Community College have made great strides recently in reorganization, new board, etcetera. But there is a history of problems with procurement, etcetera. And I just would hate after all the work we did to build it up, and it's the State's only State community college, really, that we not continue to provide assistance, whether it's independent of you all or not, continue to provide the assistance and the technical support that's needed so that they can actually accomplish their job. Just a little editorial.

GOVERNOR HOGAN: Any other questions on the DBM Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: So we're going to pull out the one item and move approval on the remainder? Second? Three-nothing. We'll move on to the University System. Good morning, Mr. Evans.

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

GOVERNOR HOGAN: Questions of Mr. Evans? Motion?

COMPTROLLER FRANCHOT: Move approval.

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GOVERNOR HOGAN: Second? Three-nothing.

MR. EVANS: Thank you.

GOVERNOR HOGAN: We're going to move on to IT. DoIT?

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 17 items on the Agenda and I do have agency representatives available to answer any questions.

GOVERNOR HOGAN: Any questions? Is the Lieutenant Governor -- yeah.

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: I'd like to highlight Item 6 and in order to do that I'm going to ask Lieutenant Governor Rutherford, who is leading our procurement modernization efforts, to tell us a little bit about eMaryland Marketplace Advantage, which is the latest milestone in our efforts to transform State procurement. Good morning, Mr. Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. It's good to see you all this morning. Yes, I'm here to support Item 6-IT. It's a major milestone in our procurement efforts to modernize the procurement process. It revolutionizes them. It takes us a step closer to achieving that transformation that the Governor charged us with and the Procurement Modernization Commission.

EMaryland Marketplace Advantage is a much more, is much more than just the State's new bid board. It's an adaptive tool which I guess you'll hear a little bit more about. It provides innovation and flexibility over time. It fits the modernization goals that the Commission had for innovation and efficiency, and it will help with our future needs as part of a full procurement and business process transformation.

In functional terms, it is evolutionary. It's a leap from our current system and we'll now have integration with the MBE directory; direct integration with FMIS, the financial management system, which I think is something that the Treasurer and the Comptroller would appreciate; electronic forms; signatures; customized reporting for all users, including the counties, municipalities and local school systems; advanced data reporting and analytics; and robust contract management tools are also there to provide real time tracking of management and contract spend rates. So there should be, Mr. Comptroller, no more excuses for extending contracts so that they can get them through the procurement process. Like I think there were a couple of items, was it 14 and 15, service contracts today? I think you already controlled that, went past those. I do read the items.

GOVERNOR HOGAN: You should have gotten to the meeting earlier.

LIEUTENANT GOVERNOR RUTHERFORD: Fourteen and 15 were modifications to extend for procurement. So accordingly I ask the Board to

approve this item and then I'm going to turn it over to those who have been much more directly involved in this procurement. So thank you.

GOVERNOR HOGAN: Thank you very much, Lieutenant Governor. Any questions of --

COMPTROLLER FRANCHOT: If I could just echo the Governor's praise and thank you for that very detailed explanation of the contract. But most of all, I just want to compliment you, Lieutenant Governor, on the leadership that you've provided on an issue that puts most people to sleep. But --

GOVERNOR HOGAN: Mundane but meaningful.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah. But it deals with the outdated procurement system that we have.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: And thank you for your leadership. I'd like to commend the Hogan administration for bringing agencies from across State government together, including my own agency, to take part in this procurement of critically important items and make sure that all the Is were dotted and Ts crossed. And it's a very large contract, \$70 million over a 20-year term. And as you noted it has the potential and I think will deliver efficiency and other capabilities to our current eMarketplace.

I do have two questions just for the record. With respect to data security, what protections have been built into this contract to ensure that bids submitted by vendors will be kept confidential until they submit?

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I'll let the procurement professionals -- well, is Bob Gleason here? Is he --

GOVERNOR HOGAN: Right here.

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Never mind. They are here. But before I leave, I do want to give credit to General Services, Budget and Management --

GOVERNOR HOGAN: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- IT and the whole team for putting this together. And led by Bob Gleason, who is our Senior Procurement Executive, who came in. We stole him from Virginia, came in and has done an excellent job in pulling the team together. And also, I decided to dress like you, Mr. Franchot, today so --

(Laughter.)

GOVERNOR HOGAN: Hey, Mr. Lieutenant Governor, before you leave I want to just thank you for your leadership and I want to thank all of the staff that's worked so hard. I mean, both the Comptroller's Office, and her team, the Comptroller and the Treasurer, both of their teams --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

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GOVERNOR HOGAN: -- were integral to this entire process. I mean, I think this new system is going to greatly enhance the accounting and business processes. And I want to thank all of our agencies, you know, the Department of Budget and Management, DGS, DoIT, Transportation, and everybody that's worked. And you know, we're all looking forward to full implementation. And I want to thank you all. So sorry to interrupt --

COMPTROLLER FRANCHOT: No --

GOVERNOR HOGAN: -- but I wanted to say that before he went back to work.

(Laughter.)

GOVERNOR HOGAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: So the question is, data security? How are we ensuring that as far as the confidentiality of the procurement?

MS. HERSHEY: Rachel Hersey, Department of Budget and Management, Procurement Officer for this project.

GOVERNOR HOGAN: Can you step closer to the microphone, please?

MS. HERSHEY: Yes. Sorry. So data security in this system will be more secure than in the current system for sure because in FMIS and eMaryland Marketplace we have some social security numbers, PII, none of that

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would be present. In the current system, the data would be masked. Every key strike in this system would be auditable. Auditors can go in and see what has occurred from the point of requisition is entered into the system until wherever it is when they pick it up.

COMPTROLLER FRANCHOT: Okay. Do your colleagues want to add anything to that? Or --

MR. BHATT: Good morning. Sachin Bhatt, Director of Procurement at the Department of IT. I just want to add we do have the vendors here that are able to discuss more of the security protocols if the Board so chooses.

COMPTROLLER FRANCHOT: No. I just want to make sure you guys are on top of the confidentiality issue.

MR. BHATT: Sure.

MS. HERSHEY: Yes.

GOVERNOR HOGAN: We probably wouldn't understand it if you got into any more detail.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: But I did have a second question. Which is under a previous administration we had the notorious Maryland Health Exchange experience and that's still fresh on my mind. So the question is, how

protected are Maryland taxpayers should this, when you turn the switch on, heaven forbid, not work? What protection is built into the procurement for the State in the event that the vendor is unable to deliver on this ambitious range of services?

MS. HERSHEY: So we have obviously liquidated damages baked into the contract, as well as the normal contract protections. We have a phased implementation approach, so we'll be doing things in smaller pieces, replacing the current functionality of eMaryland Marketplace before, this summer, before looking at the larger pieces of functionality. So it will be a slow phased, slow not necessarily, but phased by its size implementation --

COMPTROLLER FRANCHOT: Incremental.

MS. HERSHEY: -- incremental, thank you. We have a project manager that's coming on board to manage the process to ensure that the contractor sticks to deadlines proposed in the implementation plan.

COMPTROLLER FRANCHOT: Okay. Thank you, Governor.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: Could I build on that, if I might? You have a roll out planned then for the different increments.

MS. HERSHEY: Yes.

TREASURER KOPP: Do we have, I haven't seen that. Could we see that, please?

MS. TOMASZEWSKI: It was submitted.

TREASURER KOPP: Okay.

MS. TOMASZEWSKI: Jamie Tomaszewski, Department of Budget and Management --

TREASURER KOPP: All right. Could you send it to me?

MS. TOMASZEWSKI: -- Chief of Procurement. I will send it directly to you, Treasurer.

TREASURER KOPP: Thank you.

MS. TOMASZEWSKI: But yeah, we have the official schedule --

TREASURER KOPP: And with names attached to who is responsible and what dates are anticipated?

MS. TOMASZEWSKI: We don't have that detail yet but we have the overall plan. Part of our implementation --

TREASURER KOPP: Okay. Because this is a big complicated thing.

MS. TOMASZEWSKI: Right. Part of our implementation process with our new contractor once awarded will be to set up the specifics of what people are needed at what point.

TREASURER KOPP: Well I would like to see that because we have gotten a lot of --

MS. TOMASZEWSKI: But we have an overall -- yes.

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TREASURER KOPP: -- a lot of words, very good words. But I, it's easier sometimes when you can see it actually spelled out and know what to anticipate when and whom to contact when there are issues. The other thing is how you went from about \$40 million to \$70 million. What is involved in that? And is that going to be tied also to this roll out? This is \$70 million.

MS. TOMASZEWSKI: Go ahead, Rachel.

MS. HERSHEY: Yes. So as part of the evaluation we evaluated core e-procurement functionality. And so the amount, the total evaluated price is based on this core e-procurement functionality. And that was to ensure that we had an apples to apples comparison among the offerors.

We also asked the offerors to propose other related procurement enhancements which may vary among the offerors. And so the difference between the total evaluated price and the award amount reflects different optional modules that, for example, advanced analytics, program management, accruals, expense management, things that we feel would really enhance our business process transformation that are specific to this vendor. Other vendors had different ones. They may have had some of the same. But in order to preserve the apples to apples comparison for the financial comparison, we had those priced as optional features. So when you add the optional features to the evaluated price, we, you are presented with an award amount.

TREASURER KOPP: And then you are going to decide in the second year or whenever which of those optional features --

MS. HERSHEY: That's correct. Well certain of them are already in the award amount.

TREASURER KOPP: That's what --

MS. HERSHEY: They are reflected in the \$70 million.

MS. TOMASZEWSKI: Yeah. So they have basically already been decided and that's what we're presenting to you today, is the full package of what we believe the eMaryland Marketplace Advantage will bring to the State with those optional features that Nitor has provided in the proposal.

TREASURER KOPP: Okay. I have to say, and I trust everybody and we had, it's a confusing and sort of almost in some ways incomplete explanation on the item itself. Which I think this sort of roll out document that I'm talking about could help clarify. But it's time to have a new system and I congratulate you and everyone who was involved in bringing it about.

MS. TOMASZEWSKI: And we'll definitely, you know, keep everyone in on our communications on the roll out and as things are happening. Because, you know, we're all excited about this, too. So we want to make sure that everyone stays involved and understands the processes as they are happening.

TREASURER KOPP: Well we'll be watching. Thank you. Good luck.

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GOVERNOR HOGAN: Thank you all very much.

MS. TOMASZEWSKI: Thank you.

GOVERNOR HOGAN: Any other questions on the DoIT Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing. Let's move on to Transportation.

MR. PORTS: Madam Treasurer, Mr. Comptroller, Governor, good morning. For the record, my name is Jim Ports, Deputy Secretary for the Maryland Department of Transportation. The Maryland Department of Transportation is presenting 13 items today and we'd be happy to answer any questions you have.

GOVERNOR HOGAN: I'm just going to again take a moment to shamelessly use Item 3, which is an expedited procurement for improvements to BWI, to again congratulate Ricky Smith and his team at BWI, which I seem to be doing a lot every time he comes before us. But give him a shout out because we had another yet again record breaking year, four years in a row. 2018 passenger traffic at the Airport reached a record 27 million and I'm very proud to say that BWI Marshall is the number one airport in the Washington region, which most people don't know. The people in Virginia keep thinking it's Dulles and I have to keep reminding him that we're beating the socks off of them. So congratulations, Ricky, to you and your team.

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MR. SMITH: Thank you, sir. Thank you, Governor. It has everything to do with your vision and we appreciate your continued support. Hopefully we'll have other opportunities for you to commend us as well. So again, thank you.

GOVERNOR HOGAN: Yeah, thank you very much.

COMPTROLLER FRANCHOT: Yeah, let me just join the Governor. BWI is a gem along with being an economic catalyst. And thank you, Mr. Smith, and also Southwest, and all the other big airlines that are operating up there. I voted against this expedited contract but you're now bringing this before us so I'm going to support you here.

MR. SMITH: Thank you, sir.

COMPTROLLER FRANCHOT: You're running a good ship up there so keep it up.

MR. SMITH: Thank you. It has everything to do with a good team.

GOVERNOR HOGAN: It's actually not a ship. It's a plane. But -

-

(Laughter.)

MR. PORTS: That's the Port.

(Laughter.)

GOVERNOR HOGAN: But yeah. We missed the boat and but we're catching the plane. But thank you. We also have two people signed up to speak.

TREASURER KOPP: Okay. Ricky, I just wanted to add, I appreciate your coming --

GOVERNOR HOGAN: Oh, they are not speaking? Okay.

TREASURER KOPP: I appreciate your bringing this back to us.

MR. SMITH: Yes, ma'am.

TREASURER KOPP: I hope there is not a misunderstanding. There may be but that will come out I suppose at the meeting in May. I thought there was an agreement that we would go forward and do all these improvements at A Gate and there would not be a net increase at BWI and therefore not opening at C Gate, which would be a net increase. Until after it went through the Board of Public Works.

MR. PORTS: Correct.

TREASURER KOPP: But now I'm hearing that that's not the story. So I guess we'll hear in May.

MR. SMITH: Well just for --

TREASURER KOPP: Just so you know, I will be troubled if --

MR. SMITH: Well just for clarification, Madam Treasurer, what you stated is correct.

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MR. PORTS: Mm-hmm.

MR. SMITH: Once we complete the A extension and the A-B corridor work, there will be a net five additional gates. What I testified to in July was that those five surplus gates would exist on Concourse C. We will come back to the Board and report what we plan to do with those five gates on Concourse C.

TREASURER KOPP: Which may be keeping them closed in order not to increase traffic.

MR. SMITH: Well Madam --

TREASURER KOPP: Until action is taken by the FAA.

MR. SMITH: Well Madam Treasurer, maybe that's where the confusion --

TREASURER KOPP: Maybe it is. But --

MR. SMITH: It was never my intent to suggest that they would be closed.

GOVERNOR HOGAN: We'll discuss that when we come back in May.

TREASURER KOPP: Yeah.

MR. SMITH: Okay.

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

COMPTROLLER FRANCHOT: Move approval.

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GOVERNOR HOGAN: Second? Three-nothing. And last but not least, Secretary Churchill, we're going to move on to DGS.

MR. CHURCHILL: Well, good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Department of General Services. The department has 58 items on our Agenda. We are withdrawing Item 37. And I do want to thank the Board for approving Item 6 under DoIT's Agenda as we are co-owners and I do want to thank --

GOVERNOR HOGAN: Thank you for your work.

MR. CHURCHILL: -- all the members of the team that made this happen, especially the Lieutenant Governor. He has been laser focused to our success. We are available to answer any questions that you may have at this time.

GOVERNOR HOGAN: Did you say 58 items?

MR. CHURCHILL: Thirty-seven items.

GOVERNOR HOGAN: Oh, 37.

MR. CHURCHILL: Or no, I'm sorry, no, 58 items. We do. It's two Agendas.

GOVERNOR HOGAN: That might be a record. You certainly won today's --

MR. CHURCHILL: We always like to be the best.

COMPTROLLER FRANCHOT: So I see Robbie Gill sitting here before us. He's the CEO of the YMCA of the Chesapeake. If we send any more money down there, the place is going to sink. But Robbie, maybe with the Governor's indulgence --

GOVERNOR HOGAN: Absolutely.

COMPTROLLER FRANCHOT: -- you could tell us what this --

GOVERNOR HOGAN: Please.

COMPTROLLER FRANCHOT: -- what this \$500,000 capital grant for the new St. Michael's Y, which apparently is including a senior center, how that's going.

GOVERNOR HOGAN: Good morning.

MR. GILL: Thank you, Mr. Comptroller, Mr. Governor, Madam Treasurer. Thank you for the opportunity to be here and for supporting the work of the YMCA. My name is Robbie Gill. I'm the Chief Executive Officer for the YMCA of the Chesapeake serving the Eastern Shore of Maryland. This particular project is very unique in that it's a multiple partnership. So it's located on school property within St. Michael's for ease of access for kids and families, but it's also a senior center and a YMCA. So when the county was looking to expand senior center programming within St. Michael's and the Bay Hundred area and the Y was trying to expand services to better serve those communities that are oftentimes isolated from opportunities in Easton, it made a lot of sense in a

smaller community to partner and collaborate together. And so this YMCA will be a joint use facility.

The county and the senior center will be able to provide congregate meals three days a week for seniors there. You'll have a hub of activity where kids can go there after school. It gives us a great opportunity for intergenerational programming. And the beauty of the YMCA is the Y turns no one away due to financial limitations. So everyone has the opportunity to participate. That YMCA is currently serving, we have a small facility there now, serving half of the population of St. Michael's and the Bay Hundred. And with this senior center and YMCA facility, once it's completed, it will serve nearly four in five people on a weekly basis. So I appreciate your support of that effort. We're extremely excited about it and hope to see you there soon in June when that facility opens. So thank you so much for supporting it.

COMPTROLLER FRANCHOT: It's a great catalyst. How many people do you serve, all of your entire system?

MR. GILL: Forty thousand members across the Eastern Shore of Maryland, but then another 20,000 in other programs and services. The Y partners with nearly a hundred different not-for-profits across counties on the Eastern Shore to support work that they're doing to make a positive impact. So we appreciate your support of not only the YMCA across the State, but also charities that do meaningful work to make our State a better place.

GOVERNOR HOGAN: Thank you very much.

COMPTROLLER FRANCHOT: And I see you have one of my favorite people with you in the entire State, Kerry Foxwell.

MR. GILL: Absolutely.

COMPTROLLER FRANCHOT: Thank you for running a good ship, so to speak, down there in --

GOVERNOR HOGAN: And for keeping that other Foxwell straight.

COMPTROLLER FRANCHOT: Yeah --

(Laughter.)

MR. GILL: That's a real job.

MS. FOXWELL: That's the harder one.

(Laughter.)

COMPTROLLER FRANCHOT: But I'd also like to say this senior center is, I talk about my dad a lot. He's going to be 97 March 27th. And I say to him, dad, how are you doing? He said, I'm lonely. He's lonely. He lives with 2,800 people and he says he's lonely. But this interaction that someone like him, if he went to a senior center and could get interaction with young people and give them some of the benefit of his life experiences, because --

MR. GILL: Yeah, Childlene Brooks, who runs that program, would say seniors don't like the word senior center. But a place where they can

connect to one another but also give back and work with our local youth as mentors and role models makes a huge difference. And so to have all those people come into one place creating one community is going to be really powerful. And I think you'll see in the future that model will be replicated in other communities on the Eastern Shore and probably through the State.

GOVERNOR HOGAN: It sounds like an incredible model and I want to thank you for your leadership. It sounds like something that can be a prototype that should be used maybe across the State. So I want to thank the --

MR. GILL: Thank you.

GOVERNOR HOGAN: -- Y of the Shore.

MR. GILL: We really appreciate it.

GOVERNOR HOGAN: Yeah. Thank you. Great. Any other questions on DGS?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. Thank you very much.

This concludes the meeting.

(Whereupon, at 11:10 a.m., the meeting was concluded.)