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PRESENT

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Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

GOVERNOR HOGAN: Welcome to the first BPW meeting of the decade. We want to welcome all of the legislators back to Annapolis for the start of the session. Normally, I would be down greeting them in each of the chambers today, which I do every single year. We're not being rude by having this meeting instead today, but it's simply the way the calendar works out. We're actually required by the Constitution to hold this meeting on the very same day that they open the session. It's the first time it has happened since I've been Governor, and as I understand it, it has only happened twice in 20 years. So, but we have had a chance to sit down with the Senate President and the Speaker, and we're looking forward to working with them.

I hope that my colleagues, Treasurer Kopp and Comptroller Franchot, and all of you here today had a wonderful time celebrating all of the holidays with your families. It's great to be back here with all of you once again as we begin 2020.

And I'm so pleased that we're able to be here today to advance our transformative traffic relief plan, which will finally address the second worst traffic congestion in America, and begin to solve what has been the number one problem in the Washington Capital Region for decades. With this vote, we will be moving

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forward on a bipartisan, common sense, interstate agreement that has eluded elected leaders throughout the region for many decades. We've been working toward this game-changing solution for the entire five years that I've been Governor.

Three and a half years ago, I stood with former Montgomery County Executive Ike Leggett when we announced our goal to address congestion on I-270 and I-495. And back in September of 2017, we announced our traffic relief plan. We then conducted an aggressive outreach effort, which included dozens of public workshops, legislative briefings, and community association meetings, going far above and beyond what would be the normal process or what has ever been done before to provide information and to solicit input from local officials, stakeholders, and citizens. Following that, we held a public hearing last June here at the Board of Public Works and we voted to approve the traffic relief plan. Since then, we have spent an additional seven months meeting with Montgomery County local officials, citizen groups, and stakeholders, and have made every effort to address nearly all of their concerns.

In November, after three and a half years of effort, and after months of intense negotiations with the Commonwealth of Virginia, Governor Northam and I announced an historic, once in a generation, interstate accord to address this regional issue by building a new state of the art American Legion Bridge on I-495, as well as making improvements to the Beltway on both sides of the Potomac River,

in order to address one of the most notorious bottlenecks on the East Coast of the United States.

After 30 years of inaction and failure, our administration's five years of effort have finally paid off and I'm very pleased that we've been successful in reaching a bipartisan, regional consensus on building this critical plan, a plan which is supported by an overwhelming majority, 70 percent, of the people in Maryland.

At a time when America's roads and bridges are crumbling, and at a time of divisiveness and dysfunction in our politics today, this project is a testament to the balanced, all-inclusive approach that Maryland is taking to improving and modernizing our infrastructure.

I want to thank the Comptroller for working with us throughout this process to help us reach this consensus, and I also want to thank both our outgoing Transportation Secretary Pete Rahn, and our incoming Secretary Greg Slater, for their incredible and tireless efforts. I mean, this truly is a monumental and historic achievement, not just for Maryland but for the entire Capital Region. And I think it's very fitting that on this first day of the legislative session, that we're beginning by advancing a major, bipartisan, common sense agreement which will dramatically improve quality of life every single day for hundreds of thousands of area residents and commuters for decades to come.

So with that, I'll turn it over to my colleagues for any opening remarks. Comptroller Franchot?

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COMPTROLLER FRANCHOT: Thank you very much, Governor.

And Happy New Year to everyone, Madam Treasurer. It's good to be here. I don't have any problem with the conflict with the Legislature so I'm perfectly happy to be here.

(Laughter.)

COMPTROLLER FRANCHOT: But --

GOVERNOR HOGAN: Says the former legislator.

COMPTROLLER FRANCHOT: Yes.

GOVERNOR HOGAN: Did you get enough of those?

COMPTROLLER FRANCHOT: Well --

(Laughter.)

COMPTROLLER FRANCHOT: So Governor, thank you for talking about the revised item concerning the proposed traffic relief P3 plan. As a long-time resident and elected representative for many years in Montgomery County, I'm very pleased with the process and the outcome of the discussions with your team. And Governor, if I could just say personally, you commented that you are a Republican, I'm a Democrat. But I think the product that we'll be voting on today is exactly what the citizens of the State deserve, which is people coming together around where they can agree and moving forward where they can have a consensus. So I'm a big fan of the team that you had working with us, particularly

Mr. Slater proved to be very instrumental. I see Mr. Ports sitting there. He didn't hurt anything. But --

(Laughter.)

GOVERNOR HOGAN: That's kind of you to say.

COMPTROLLER FRANCHOT: But seriously, this is I think what they want are elected officials that are going to put their State above their perhaps party acrimony that sometimes exists out there. And I just wanted to thank you for that. And I think we're going to get today a result that is better roads, better transit, and a better region. And I understand that no private properties will be acquired by the State of Maryland for this project without final approval of a P3 agreement by the Board of Public Works.

The first phase of this project will include the American Legion Bridge, as you've noted, is an absolutely tremendous breakthrough with the State of Virginia. And it's also going to include the segment of 495 that extends from, up to the 270 spur, and then up 270 to I-370. And it is not going to include the segment of the Capital Beltway between Interstate 270 east over to I-95. And that's because there's significant community impacts that need to be discussed and mitigated where possible.

That segment, along with other Beltway segments, will be considered by the Board of Public Works in the future. This agreement will provide Montgomery and Prince George's Counties with direct transit subsidies from the

project's toll receipts, the details of which will be specified in a memorandum of understanding between the State and the two counties. This MOU will be agreed upon prior to the Board's final award of a vendor contract. Also included in this agreement is a commitment by the State to work directly with our local governments to mitigate any environmental and community impacts stemming from the project, as well as a commitment which will be memorialized in writing to complete this project with union workers at union wages.

I believe this is the way, as I mentioned earlier, that government should work. As a result of our ongoing and constructive dialogue, the residents, commuters, and employers of the Region are going to benefit from a great, what I believe will be a great legacy creating project, one with better roads, better mass transit, good paying jobs, and a true partnership between our State and local governments. The amended agreement represents a far more balanced approach to the traffic gridlock that is inflicting more damage to our region's economy, environment, and quality of life with every passing day.

Once again, Governor, I salute you for moving this very complicated project forward. Secretary Slater, thank you. Members of your team have been enormously responsive and helpful. This is a very early stage in the process but I think it's a fair and balanced agreement that achieves our mutually shared goals, which I believe 90 percent of the public in Montgomery County fundamentally support what we're doing because it's a balanced, inclusive effort. And thank you.

GOVERNOR HOGAN: Thank you, Mr. Comptroller. Madam Treasurer?

TREASURER KOPP: Thank you, Governor. The reason we have diversity is so we can have diverse opinions brought to the table, and mine is somewhat different. I do want to thank the new Secretary and the Governor for reaching out. I think this is a --

GOVERNOR HOGAN: He's not quite the new Secretary yet, by the way.

(Laughter.)

TREASURER KOPP: The Secretary-designee.

GOVERNOR HOGAN: He has like another week before he officially takes over.

TREASURER KOPP: I hope you will be. It really is a breath of fresh air and a significant step forward and I appreciate it. And having worked with you over the years, I know you mean it when you say we're going to have a lot of consultation. And I must say, I have not seen the word consultation repeated in a document so many times in a long time. And I do appreciate that.

And I also want to say, lest anybody wonder, I will make a full disclosure. I own property, my home is about three blocks from the Beltway, and from the American Legion Bridge. It's my backyard, and it's not that I don't know perfectly well, driving on it almost every day of the year, how important it is to

move forward and to have the traffic be able to move and to do something about that American Legion Bridge. We were told a few months it couldn't be done, and now you're doing it, and I appreciate that very much.

As Treasurer, I have a particular perspective on this. And we have been sending questions to your department for months. And we finally got an answer on Monday, when you were on the job, and I appreciate it. We haven't had the opportunity to go through the answer and the answer seems to me quite candidly to state conclusions, very reasonable conclusions, but it would be good if we could see the numbers that went into those conclusions and understand why, for instance, we have to go with a P3 instead of looking at alternative, and in the end ultimately less expensive, funding. And also, how you are factoring in the impact on our legislated greenhouse gas emissions goals and all the other environmental protections.

Happily, I can count to two. So we know where this project is going today. But I just want you to know that we will continue to be on top, doing essentially due diligence, so we can report to the rating agencies, and to our investors, and to our citizens exactly what has happened and where. And with the enhanced transparency that is coming, I believe, it will be a job that you will make possible. We haven't been able to do that until now.

But with those concerns, I cannot vote for this project right now.

But I do want to say that it is a, from my personal perspective, a vast improvement.

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The support of mass transit and doing something with the American Legion Bridge going north to the ICC, I assume you are going to go farther north and try to go up at last to Frederick, is a significant step forward. And I wish you well and we will be continuing to ask these questions.

GOVERNOR HOGAN: Great.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Thank you very much. So we seem to have a lot of folks here for that first item. So why don't we start with the Department of Transportation Agenda. Greg?

MR. POWELL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Sean Powell, Deputy Secretary for the Maryland Department of Transportation. Today the department will be presenting 23 items and we do have representatives here to answer any questions.

GOVERNOR HOGAN: Well, thank you, Mr. Powell. We're going to start with Item 23.

MR. POWELL: Really?

(Laughter.)

MR. POWELL: Greg, are we ready for that?

GOVERNOR HOGAN: I'd like to call on State Highway Administrator and incoming Transportation Secretary Greg Slater to present the item.

MR. SLATER: Thank you very much. And good morning, Governor Hogan, Comptroller Franchot, and Treasurer Kopp. It's great to be here today as State Highway Administrator, one of the few hats that I'm wearing right now. The other one was a snow coat last night, but we seemed to fare okay.

So I am here today speaking on behalf of MDOT and the Transportation Authority collectively, referred to in your documents as the reporting agencies. Let me first start off by saying travelers in the National Capital Region thank you for approving last June the conditional designation of the 495 and 270 P3 Program, a public infrastructure asset, a public-private partnership, and approving the proposed competitive solicitation method and selecting those phases. Over the past seven months, we have worked to implement the P3 Program based on the Board's approved designation and the conditions that were carried with it.

In November, Governor Hogan made his historic announcement with Governor Northam about the Capital Beltway Accord, a long sought historic cooperation with Virginia to rebuild the American Legion Bridge and create that unified Capital Beltway that we're striving for. Most recently, we've been working with many of our local partners to better understand the various perspectives around this complex effort. And that brings me to why I'm here today.

As you may recall, your approval of the P3 Program is based on five conditions. First, that no property acquisitions which are related would take place on the traffic relief plan before BPW approval of the P3 agreement. Second, the

RFP soliciting the P3 contractor would permit mass transit bus access on the managed lanes without tolls. Third, ten percent of the net toll proceeds after the P3 contractor gets reimbursed for construction costs would go to Montgomery and Prince George's Counties for regional transit services. Fourth, an initial feasibility study of the monorail would be performed. And fifth, the P3 Program must start with Interstate 270 as phase one and we would delay the Montgomery County and Prince George's County portions of the Capital Beltway.

Based on our continued work since June, I'm here to update you on the status of three of these conditions and request amendments on two. First, condition one, we are committed to implementing a program with the least amount of impacts possible and minimizing techniques through our innovative dialogue process along the way. That's the way we've designed it and we are committed to working with our private sector and local partners to complete that process and we will not be bringing any right-of-way acquisition forward until we have all of those approvals in place.

Second, we are developing a solicitation approach in which it will be clear that mass transit buses will be allowed on the managed lanes at no cost.

And condition four, we are advancing quite well in our monorail study. We have substantial work underway. A preliminary draft study report is expected in early 2020 and we are looking for a final feasibility study to be completed in late spring or early summer of this year. We're looking really

worldwide at where these systems are in place and figuring out where it can play a part in this conversation.

Now for our requested amendments. Condition three, respectfully we request that the condition related to transit be amended as follows. The reporting agencies will develop a memorandum of understanding with the affected counties defining regional transit service improvements to be provided as part of our P3 agreements. The terms of the agreements will be provided to the Board of Public Works concurrently with the P3 agreements. Furthermore, the reporting agencies will develop transit service improvements collaboratively with the affected counties. The specific transit investment now will be provided as part of our P3 agreements, and that will ensure that the regional transit improvements are provided sooner than before and at defined and predictable times. By including this regional transit service improvement in the P3 agreement, the affected counties will be guaranteed that transit service improvements and it will fully honor the original request but in a more improved manner for that dedicated investment. The memorandum of understanding between MDOT and the affected counties defining transit improvements will be developed as part of the P3 agreements and will be provided to the Board of Public Works as part of the request for approval of the P3 when we come back.

And condition five, due to the historic nature of the Capital Beltway Accord, we request this condition on phasing be amended as follows. The P3

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Program will be delivered through a solicitation of one or more phase developers. The first solicitation, phase one, will include the bi-state Capital Beltway Accord Partnership for the American Legion Bridge, which will include 495 from the George Washington Parkway in Virginia to 270, and 270 from 495 to Interstate 70. The first section will be delivered under phase one, will be along 495 from south of the George Washington Parkway in Virginia to I-270, and along I-270 from 495 to 370. The remaining portion of I-270 from 370 to I-70 will be delivered as part of a future section, but only once the environmental approvals are in place for that. That's in a separate process. The remaining portion of 495 and 270 from the Woodrow Wilson Bridge, from 270 to the Woodrow Wilson Bridge, would be solicited at a later date and subject to Board of Public Works amendment approval prior to proceeding with the subsequent phase.

With your vote of approval today, we are prepared to move forward with a competitive and transparent solicitation process to select phase developers for the P3 agreement to develop phase one. Around July of 2020, we plan to issue a separate RFP for phase one to the short-listed teams. Together, MDOT, MDOT SHA, and MDTA would evaluate the proposals and select a phase developer to progress to the final phase P3 agreement.

In conclusion, let me take a moment and remind everyone here today what the Board's approval of these amendments are helping us address. The National Capital Region already has the second largest, the second longest

commuting times in the nation. Congestion increasingly limits our economic growth and the competitiveness of the region and diminishes our quality of life. By 2040, the region's population is anticipated to increase by 1.2 million people and nearly 1 million more jobs. On 495 between the American Legion Bridge and I-95, the average daily traffic will increase from 243,000 vehicles today to 277,000 vehicles by 2040. And this does not account for the \$1.7 billion in unfunded system preservation needs that we have along that Beltway that this public-private partnership will help us address.

Conversely, I respectfully ask that you think about the opportunity we have before you today to address these conditions. On 495, the American Legion Bridge person through-put through our modeling will increase by 30 percent. The person through-put, 30 percent increase in the morning peak and 35 percent increase in the afternoon peak.

Thank you for allowing me to speak today. I respectfully ask that you approve the amendments and allow us to move forward with the solicitation process for phase one to collaboratively seek this much needed congestion relief that we will bring back to the Board.

GOVERNOR HOGAN: Thank you very much, Mr. Slater. Any questions of the Treasurer or Comptroller? Madam Treasurer?

TREASURER KOPP: I have a specific question, Greg. The transit?

MR. SLATER: Mm-hmm.

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TREASURER KOPP: Are you, is Frederick County going to be included in this?

MR. SLATER: So the way the amendment is designed is affected counties. So Frederick County will be part of that conversation when we move forward with that northern piece of 270. I had a conversation with County Executive Gardner and we've looked at some of their transit priorities. So they know that that's a later date. But --

TREASURER KOPP: But it's there?

MR. SLATER: It's there.

TREASURER KOPP: And you are moving smoothly, as smoothly as you can, into looking at that segment of the program?

MR. SLATER: Yes. We're in what's called a pre-NEPA phase for that one. And so we're really gathering all of the information, understanding what kind of resources are around that system. The section of Interstate 270 above 370 is a little bit different --

TREASURER KOPP: Yeah.

MR. SLATER: -- in character than the section below 370. And then we have coordination with the National Park Service on things like Monocacy Battlefield and those types of things. So we're working very smoothly in that pre-NEPA phase and we're going to be kind of aggressively --

TREASURER KOPP: Will you be looking at the potential of reverse lanes?

MR. SLATER: So we have several opportunities at play. The travel characteristics on that section are a little bit different. So they do offer an opportunity to really consider those reversible lanes. It's about a 65 percent directional split coming down in the morning --

TREASURER KOPP: Right.

MR. SLATER: -- and up in the evening on that section. So it offers opportunities that the others do not.

TREASURER KOPP: And can you explain exactly when the funding will start for the transit?

MR. SLATER: For the transit funding? So that's really part of the evolution of this conversation over the last few weeks, where the original intent was this ten percent later on after we had paid back these pieces. What we've done now, is modeled a little bit of what some of the folks have done across the country and our partners over in Virginia, where you set it up so those dollars start flowing the minute that the road starts operating.

TREASURER KOPP: The minute the road starts operating?

MR. SLATER: Mm-hmm.

TREASURER KOPP: Great. Thank you.

GOVERNOR HOGAN: Do you have any questions, Mr. Comptroller?

TREASURER KOPP: Could I just ask one --

GOVERNOR HOGAN: Okay. Sorry.

COMPTROLLER FRANCHOT: Yeah, sure.

MR. SLATER: Mm-hmm.

TREASURER KOPP: We're still waiting for the environmental impact statements, which we will be able to see, I assume, when the contracts, before the contracts come before the Board.

MR. SLATER: Yes. So the environmental impact, so we're actually scheduled to have a draft document available later on this spring. We're working through all of the different analysis components of that today and our stakeholder agencies. It may actually be starting to get fed out to our stakeholder agencies in the next few days. But we're working closely. There will be some public hearings associated with that, and then later on we'll identify a preferred alternative and then move towards that process. But yes.

TREASURER KOPP: I know, I'm sure you are aware of the fact that there are a lot of people who think that when this comes back to the Board, it will be too late actually to change. And people will have sunk a lot of money, money into it. So that was a concern about acting now before you see that. The decision has been made, and I understand that. But it still is very important --

MR. SLATER: Sure.

TREASURER KOPP: -- that we all understand the environmental impacts and how this fits into the rest of the Governor's and the State's environmental programs.

MR. SLATER: Yes, ma'am. And I think, you know, what I'll say is there are some benefits as well at running these parallel processes. As you are able to bring a P3 concessionaire on board while you are still in that part of the phase where things are not completely baked and you can have a collaborative dialogue with them on board, your resource agencies and everyone, and make sure that that's built into the process. What I've seen on the other side of that is, you hand an environmental document over, and then there are some things that you encounter, and then that ended up costing you a little bit of money later on because you are having to change conditions and those types of things.

TREASURER KOPP: I want to say I appreciate having a planner in your position.

(Laughter.)

GOVERNOR HOGAN: Yeah. Mr. Comptroller, any questions?

COMPTROLLER FRANCHOT: Yes. I, earlier today when I got out in front of the State House here there were a number of very wonderful people representing the Sierra Club, and they came up and said you need to oppose this project based on the environmental concerns that we have. And I said, look, I live

in Takoma Park, Maryland. I understand the activism that the Sierra Club represents. And I support mass transit, just like the Sierra Club does, and the Purple Line is moving forward in our region. I think it's going to be a tremendous asset. Governor, thank you for moving that forward early in your administration, even though you had obviously some, you know, conceptual concerns about the whole project. But that's going to be a big mass transit game changer for our region. But I said to them, much as I love the Sierra Club, I disagree with you about the need for added capacity to the Beltway. We simply have to do it. It is, right now, the congestion is damaging our economy. And it's not just the regional economy, it's the whole reputation of the State. And I believe it is negatively impacting the environment because of the congestion. And I think the quality of life of the residents, as the Treasurer mentioned, it is becoming unacceptable to just stand still and not do anything.

So I happen to think the revised plan is a win-win for the region. I do have a couple of questions, if I could, Secretary Slater. You are confirming that Montgomery County and Prince George's County will receive transit funding once the managed toll lanes are operational, which is a big difference from after the bond holders are satisfied with all of their obligations. But it's going to be the former. And I also want to confirm that you are committing to ensure that the winning vendor negotiates a community benefit agreement.

MR. SLATER: Yes. So, the winning bidder will be at the table with groups like LiUNA!, our MBE, DBE representatives, our local buildings trades, MTBMA, everybody at the table, as we work out the terms and conditions for these provisions.

COMPTROLLER FRANCHOT: Excellent. In addition, I'd like to bring up what the Treasurer was referring to. We like to have evidence based, data driven approaches to transportation planning. What proof does MDOT have that this revised plan will reduce congestion and provide traffic relief for the hundreds of thousands of, well, millions of residents who reside, do business in, and travel in the Capital Region?

MR. SLATER: We've done a tremendous amount of detailed modeling. I'm looking at one of our tables now. And what we're showing is a 35 percent reduction in delay on 495 and 270, as well as a seven percent reduction in delay on the surrounding arterial roads. So that really equates to what we found to be about 73 hours a day per person out of -- or, I'm sorry, a year out of traffic.

(Laughter.)

GOVERNOR HOGAN: Seventy-three hours looks pretty good.

MR. SLATER: A year. Seventy-three hours a year.

COMPTROLLER FRANCHOT: So, I want to just ask a question about collaboration and engagement with local elected officials and agencies. Can

you tell us what outreach has been done involving local elected officials in communities who would be potentially impacted by this project?

MR. SLATER: A tremendous amount at a couple of different levels. One is we've had over 200 different community engagement efforts over the last year or so. We've met with 27 different elected officials individually. And I've been personally having conversations with leadership at the Planning Board, as well as leadership in the counties, just kind of working both at the council and the executive side. So it's really about having those one-on-one conversations.

At the same time we're working to figure out how we can increase the communication and transparency of the program as a whole so that we can not only do those individual conversations, but work a little bit better as a group.

COMPTROLLER FRANCHOT: Excellent. And beyond highway expansion and the utilization of managed toll lanes, what other alternatives will MDOT be implementing to address congestion in the region in a fiscally obviously and environmentally sustainable way?

MR. SLATER: I'm going to look at the Treasurer but give you my good planning answer.

COMPTROLLER FRANCHOT: Yeah.

MR. SLATER: But, you know, I believe that transportation is about land use and mobility and accessibility and choice and safety and how we all get there together. So it's this system is where we're focused. With the Purple Line

under construction, finding ways for WMATA to thrive with the investments, this transit investment, as part of this we're integrating some technology into our arterial system, how that all works together. The Capital Beltway Accord also included a bike and pedestrian connection across the Potomac into the C&O Canal. So, all of that kind of regional connection for everyone.

COMPTROLLER FRANCHOT: Excellent. And obviously one of the issues that concerns folks outside of our region in Maryland are financial protections for the taxpayers. Can you confirm for us so that everyone is on the same page here what happens if the developer becomes unable to fulfill the requirements of this project due to unfavorable financial or legal circumstances? Like what we saw I think in Indiana, is probably the worst example.

MR. SLATER: That is the one that many raise. But what happens is, is the developer, which is essentially made up of equity investors, before you get to that point, they step in. The lenders and the bond holders step in to ensure the success of the roadway so the people that are using that system don't really feel that. And then we retain a right to really make sure that our citizens are taken care of as part of our contract.

COMPTROLLER FRANCHOT: Excellent. And the supplement states, "the developer will perform the work at its own cost, risk, and expense. However, the State in certain circumstances will receive superior value for money

in exchange for retaining certain risks.” Can MDOT elaborate and provide examples of the types of risks the State would retain?

MR. SLATER: Absolutely. There are certain risks that the public sector has to retain by law, and then there are certain risks that they have to retain just to make sure that we’re taking care of our citizens. Things like permitting, environmental approvals, and utilities are a great example of that. So you always want the government, public sector side, to retain all that decision making authority when it comes to the environmental pieces. So we retain that risk, those unforeseen conditions. If you transfer that risk to the private sector, essentially what they do is they build that into contingencies in their contract and then we can’t get the best value out of our bid.

COMPTROLLER FRANCHOT: Excellent. And what assurances can MDOT provide that Maryland taxpayers would not be subjected to exorbitant toll amounts to travel on the managed toll lanes? The project developer’s main source of revenue, obviously, is going to come from the toll revenue. What kind of protections do you have for our commuters?

MR. SLATER: Sure. I’m going to, I might lean on my partner, Mr. Ports, here for a second. But our Transportation Authority by law is the only entity that can set toll rates. And by law, by federal law, we have to maintain a system that flows at 45 miles an hour on that interstate system for a managed lane system. So what we’ll have is a process that will go through, there will be a range set, and

then there will be a fully transparent public hearing process associated with that, and then come back. So, there will be a public process just for that toll setting by themselves.

COMPTROLLER FRANCHOT: Okay.

TREASURER KOPP: Can I just ask --

COMPTROLLER FRANCHOT: Sure.

TREASURER KOPP: -- your predecessor explained to us that they would set this framework but it would have, I don't remember the term he used, a soft ceiling. What is a soft ceiling?

MR. SLATER: You can do it a few different ways, and I think it's been done a few different ways across the country, you know, have this algorithm where you can set what's called soft cap. And if they get to that point where the operations really start to degrade and they need to exceed that soft cap, it requires our approval. So they can't do that without our discretion.

TREASURER KOPP: So you in the end are going to be responsible for the tolls? I was told, I don't know if it's true, that it went up to almost \$60 last night in the snow in Virginia. Will we see that, too?

MR. SLATER: The example that you're seeing there is a different facility. So you're looking at I-66, which is --

TREASURER KOPP: Right.

MR. SLATER: -- a full toll facility that essentially was a full HOV facility that they implemented a small capacity difference. The ones on that Beltway for our counterparts in Virginia are very different.

TREASURER KOPP: I know they've tried every which way, and I gather haven't come up with what they think is perfect.

MR. SLATER: Sure.

TREASURER KOPP: Yeah. Sorry.

COMPTROLLER FRANCHOT: If I could finish up, I had a question about environmental assessments. Outside of the federally mandated NEPA review, what has taken place at the State level as far as environmental assessments for this project?

MR. SLATER: So we do have our NEPA process, and that NEPA process in very Maryland style is as comprehensive as you get in the country. So we take that beyond the normal process. That process also encompasses other environmental laws, like the Clean Air Act, Clean Water Act, Endangered Species Act, Section 106 of the National Historic Preservation Act. We're doing air quality modeling, as well as, that includes greenhouse gas emissions, and looking at all of that. And then our State environmental components, where we're working with our partners at MDE and Department of Natural Resources and the Historic Trust to make sure that all of our environmental players are not only met, our conditions are met, but we're at the table with them as we're trying to find these solutions.

COMPTROLLER FRANCHOT: Excellent. And let me just close by saying I think this is, once again, a win-win agreement for everyone involved in a consensus view that something has to be done about the congestion. I know a lot of the local officials have indicated that they may still have concerns, but they are in a much better place than we were a while ago. We have more work to do and discussions will be held in the months and years ahead. But once again, I want to thank Governor Hogan for doing the right thing and getting this legacy project on the road, to pick a word, to success. And I think that the, down the road, you know, when people say what's going to happen to the next phase, it really depends on how successfully this is implemented. I imagine that it's going to be very successful and there will be a lot less controversy and resistance to proposals to relieve congestion east of 270 in the future. But that, obviously, remains to be subject to future Boards of Public Works.

MR. SLATER: Thank you.

COMPTROLLER FRANCHOT: Thank you, Mr. Slater, for your work.

GOVERNOR HOGAN: Mr. Slater, thank you very much.

COMPTROLLER FRANCHOT: I move agreement, with the amendments.

GOVERNOR HOGAN: Well, we have a lot of people --

TREASURER KOPP: Yeah.

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GOVERNOR HOGAN: -- that have signed up to talk.

COMPTROLLER FRANCHOT: Oh. There are?

GOVERNOR HOGAN: We want to make sure that they get a chance to weigh in --

COMPTROLLER FRANCHOT: Can LiUNA! come first?

GOVERNOR HOGAN: Well, actually, I would love to have them. But we have an elected official here from Montgomery County we want to take first. We've got a long list of folks, so we want to give everybody a chance to talk. We're going to maybe ask you to stay on hand for maybe to answer questions that arise, Mr. Slater, but thank you for presenting the item. We want to get to everybody who is here. We want to thank you all for coming and we want to give everybody a chance to talk. But we're going to ask you to limit your remarks to two minutes so we get a chance to hear from everyone. And Secretary Gontrum, we're going to ask you to try to keep people on the clock so they don't ramble on for longer than that to give everybody a chance. So --

SECRETARY GONTRUM: Yes, sir.

GOVERNOR HOGAN: -- we're going to start with Bridget Donnell Newton, who is the Mayor of the City of Rockville. Madam Mayor, thank you for joining us.

MS. NEWTON: Good morning, and thank you for having me. I'm very nervous. Yeah, I don't know why I'm so nervous --

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GOVERNOR HOGAN: You don't have to be nervous, come on.

MS. NEWTON: You know, I do this at home all the time but --

GOVERNOR HOGAN: -- Happy New Year --

MS. NEWTON: -- it's different in front of this august body.

Governor, I want to salute you for your wise choice with soon-to-be Secretary Slater. I think that is a very good move. So, thank you for that.

GOVERNOR HOGAN: Thank you.

MS. NEWTON: As you know, I think you received all of you a letter from the Mayor and Council last evening. It takes a while for things to get approved in the City, especially when we only learn about them on Friday. And I did speak with Mr. Slater this morning, briefly. But I want you to know that when the City of Rockville learned about this project was at 4:30 on Friday afternoon when I received a phone call from a reporter. So I hope that going forward we will have a much more conscious effort to include the very impacted communities.

GOVERNOR HOGAN: Well, let me just interrupt there for a second. I mean, we've been talking about the project for five years, and we've had meetings with the City of Rockville. We actually reached the agreement and decided to put it on the agenda after the Comptroller and I solved everybody's issues at, on Friday afternoon. So you weren't, we weren't keeping it a secret from you.

MS. NEWTON: Okay. But you haven't solved Rockville's. And as the most impacted municipality, we are --

GOVERNOR HOGAN: That's why we have this public hearing today so we can hear from you.

MS. NEWTON: And that's why I'm here. So we're very, very concerned. And I will just read you a couple of paragraphs in the interest of time.

The City of Rockville will be the most affected municipality as the 12 lanes of I-270 directly abut homes on both the north and south sides. Julius West Middle School, the Rockville Senior Center, Rockville Baptist Church, Rockville Christian Church, and the Rockville Nursing Home all immediately abut 270. I was a history major, not a math major, but I can do the math. And taking 14 lanes to two lanes north of 370 isn't going to work. So --

SECRETARY GONTRUM: Twenty-five seconds, Madam Mayor.

MS. NEWTON: Thank you. That was quick.

GOVERNOR HOGAN: But I took a couple seconds of her time.

MS. NEWTON: The City of Rockville owns two of the three bridges in the City that go over 270. I think that is something that we need to work very closely together on Gude Drive and Wootton Parkway.

In closing, you know, as always, sir, I stand ready to work with you all.

GOVERNOR HOGAN: Thank you.

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MS. NEWTON: And we hope to have more conversations and more inclusion going forward, especially as this will impact us the most.

GOVERNOR HOGAN: Thank you very much for joining us. Greg, do you want to address any of her concerns right now? I don't want to slow down all the rest of the speakers. But, because those are, you know, those are important concerns --

MR. SLATER: Absolutely.

GOVERNOR HOGAN: -- that the most impacted municipality has raised.

MR. SLATER: So we're not hitting any, there's no kind of housing impacts or business impacts on 270. There are small strips that we're kind of working through, but I'm committed to minimizing that as best we can and committed to working with you directly on trying to address those concerns.

TREASURER KOPP: Could I, someone said it was all going to be done within the current --

MS. NEWTON: Right-of-way.

TREASURER KOPP: -- right-of-way. Is that --

GOVERNOR HOGAN: With the exception of a few tiny strips. But no houses or buildings or --

MR. SLATER: Right.

GOVERNOR HOGAN: -- properties will be taken.

MR. SLATER: So there is a tremendous amount of right-of-way on
270

TREASURER KOPP: Yes, there is.

MR. SLATER: -- different than 495. And, you know, so you have
the right-of-way width, and so there's some space to work with. And then there's
some space within those kind of local lanes and we can all kind of work together
on those.

GOVERNOR HOGAN: But we're committed to continuing to work
in a more collaborative way with the City of Rockville.

MS. NEWTON: And I have worked with Greg before. I know it's
going to be better than it was.

GOVERNOR HOGAN: Great.

MS. NEWTON: But please just understand how concerned we are.

GOVERNOR HOGAN: We'll commit to that.

MS. NEWTON: Thank you.

GOVERNOR HOGAN: Thank you. Next we have with us Emmet
Tydings from SMTA.

MR. TYDINGS: It's more crowded here than the Beltway.

(Laughter.)

GOVERNOR HOGAN: Not quite.

MR. TYDINGS: Thank you to Governor Hogan, Comptroller Franchot, and Treasurer Kopp for allowing me to speak today. My name is Emmet Tydings. I'm a 62-year resident of Montgomery County and owner of a small telecommunications company in Columbia, Maryland. For four decades, I have made my living driving the Baltimore-Washington Region to meet with clients. That experience led me today to present this common sense advocacy for your P3 traffic relief plan.

In my hand here is a somewhat grainy picture of an event I helped co-host in August of 2016. It shows Congressman John Delaney at our fixed I-270 podium, flanked by Senator Van Hollen, David Fraser-Hidalgo, Aruna Miller, several Montgomery County Council members, Chamber of Commerce, and business leaders. It was right on the side of 270. This picture is proof positive that there are normal, little people, like me, that have been organizing and championing the widening of I-270, 495, and the American Legion Bridge for years.

We citizens want this. On the Long Range Planning Task Force at the Council of Governments, which Mayor Newton so ably co-chaired, it took us 14 months to reduce 70 projects, plans, and priorities down to seven aspirational initiatives that now reside in the Visualize 2045 Plan, formerly the CLRP, that include the regional toll lane network. This stuff doesn't just grow on trees.

So today I'm speaking for the silent majority of Marylanders who support --

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SECRETARY GONTRUM: Thirty seconds is your time, please.

MR. TYDINGS: -- a multi-modal transportation infrastructure that includes roads versus the vocal minority opposition that offers the hollow mantra of mass transit only. It's not an either/or proposition. Thank you for agreeing to vote on your thoughtful compromise to the P3 solution and rest assured the vast majority of Marylanders support you. Thank you.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: Could I just say that --

MR. TYDINGS: Yes?

TREASURER KOPP: -- I've heard from a lot of people, and I don't think any of them have said mass transit only. But they are very concerned about how this program fits in with a multi-modal transportation system for the people.

MR. TYDINGS: I respect that.

GOVERNOR HOGAN: Okay. Next, we have Rodney Roberts from the Greenbelt City Council.

MR. ROBERTS: Good morning.

GOVERNOR HOGAN: Good morning.

MR. ROBERTS: Thank you for calling me so early. I'm not nervous because I know exactly what I want to say. And the first thing I want to say is I'm on the City of Greenbelt City Council. I've been on there 28 years. But I can tell you this about the City Council, the City Council unanimously opposes

the 1950s mentality that this project represents. Other than that, these comments today are mine totally. I'm speaking for myself. I'm speaking for the citizens of Greenbelt that have elected me to the City Council for the last 28 years. In addition to that, I've spent 28 years on the Council of Governments Transportation Planning Board. I've lived in Greenbelt, Maryland, Prince George's County, all my life. I'm going on 62 years old. In addition to that, I think even more importantly, for 45 years, I've been traveling around the State of Maryland, Virginia, D.C. I repair construction equipment for a living. I depend on the roadways, just like everyone else does. I've been to literally thousands and thousands of job sites all over the area. So I've been on every road, every side road. You name it, I know where it is.

Back in the early seventies, in 1969, my father bought a brand new car, one of the only ones he ever bought, because he just went back to work at the Army Map Service. So, he was traveling the Beltway every day.

SECRETARY GONTRUM: Twenty seconds, Council member.

MR. ROBERTS: What's that?

SECRETARY GONTRUM: Twenty seconds, sir.

MR. ROBERTS: Twenty seconds? I'm opposed to this project. I wish you would -- I don't think I got my two minutes. But --

GOVERNOR HOGAN: I think you only get two minutes, I'm not, I don't know what time it is. Did you just tell him the time was up?

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SECRETARY GONTRUM: No, sir.

GOVERNOR HOGAN: Okay.

SECRETARY GONTRUM: I said 25 seconds.

GOVERNOR HOGAN: Oh, okay.

MR. ROBERTS: Twenty-five seconds, and this is a project that's going to affect my --

GOVERNOR HOGAN: No, you only have 25 seconds left. You've got two minutes.

SECRETARY GONTRUM: Correct.

MR. ROBERTS: I have two minutes to speak?

SECRETARY GONTRUM: Beginning at the start of your remarks --

GOVERNOR HOGAN: Now you have about 15 seconds.

MR. ROBERTS: Well I guess, you know, the only thing I can say is I know exactly what happened with the Nice Bridge recently. So I know what promises mean around here. And Mr. Franchot, every year you come out to Greenbelt looking for votes. Don't come out -- if you sell out the people of Greenbelt and everyone else that lives along the Beltway, don't come back to Greenbelt looking for our votes. If you think this is going to get you elected to Governor, I think you are sadly mistaken. Because 50 years or 100 years from now, when the water is lapping at the steps of this building because --

GOVERNOR HOGAN: Thank you very much.

MR. ROBERTS: -- of climate change --

GOVERNOR HOGAN: Your time has expired, thank you.

MR. ROBERTS: -- you're not going to be looking so good and the Governor is not going to be looking so good.

GOVERNOR HOGAN: All right. Thank you very much.

MR. ROBERTS: I had a lot nicer things to say, but since you're going to cut me off so short, I had to get what I really wanted to say out there.

GOVERNOR HOGAN: Thank you very much.

MR. ROBERTS: This project stinks.

GOVERNOR HOGAN: We're just trying to be polite to all the folks that have come out to talk today. Next is --

MR. ROBERTS: I think you should give people a decent amount of time to speak.

GOVERNOR HOGAN: Rick Weldon -- we have a four-hour Agenda today, and we're trying to give everybody a chance to talk.

MR. ROBERTS: Yeah, I know.

GOVERNOR HOGAN: Next we have Rick Weldon from the Frederick County Chamber of Commerce, former Delegate Rick Weldon. Where is Rick Weldon? Is he out in the hallway?

SECRETARY GONTRUM: He has not checked in.

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GOVERNOR HOGAN: Okay. We'll move on to, I'm not quite sure how to pronounce it, Babur Mian, Terra Site. Sorry if I messed up your name, Babur.

MR. MIAN: No problem, Mr. Governor. Good morning.

GOVERNOR HOGAN: Good morning.

MR. MIAN: I'm Babur Mian --

GOVERNOR HOGAN: Babur --

MR. MIAN: Babur Mian, President and CEO of Terra Site Construction. We are a heavy highway construction firm. We started the business in Virginia five years ago. I have about 75 employees. We have added an office in Gaithersburg primarily because of the Purple Line project. I now have 15 employees working on that project, and we are looking forward to building our staff in Maryland.

I am here to support the I-495/270 P3 Project, including the amendments that are up for vote today. And I ask that the project be open competition, so firms like mine can participate in the next phase of P3 in Maryland as well.

Congestion is costing our local economy \$1.3 billion in added costs per year. Traffic alleviation has been studied extensively and the only viable option is to expand these stretches of roads to add more volume. The often heard argument that new lanes will not result in reduced congestion is false. These lanes do not

create new drivers. They simply move drivers away from congested lanes and off neighboring roads.

I commute on 495 in Virginia every day, and I can tell you having the option to pay the toll when I need to get somewhere is very valuable and it allows us to bring people in from other states when they recognize they have options for transportation in the area.

SECRETARY GONTRUM: Thirty seconds, Mr. Mian.

MR. MIAN: Sure. I also want to talk about the Georgia Atlanta project, which recently implemented expressway lanes. Since opening, the rush hour speeds on those highways have doubled from 20 miles per hour to 40 miles per hour. Rush hour commutes have reduced by an hour. Think about all the extra time that frees up for the residents to spend with their families. Thank you very much for your time.

GOVERNOR HOGAN: Thank you very much. Next we have Josh Tulkin from the Sierra Club. Mr. Tulkin? There he is. Josh? Good morning.

MR. TULKIN: I apologize. I met some congestion on my way up to the podium. Good morning. My name is Josh Tulkin. I'm the Director of the Maryland Chapter of the Sierra Club. On behalf of our 72,000 members and supporters in the State, we do urge you to not move forward on this plan today.

I've been told that if everything is a priority, nothing is a priority. When we talk about traffic relief, there's an expectation that you come up and show

traffic data to show that there will be congestion relief. If climate change is a priority, you would not be moving forward without having the data to show that this will not have a negative impact.

I appreciate the Comptroller's discussion of environmental impacts. But in the opening statements of the three of you, the Treasurer was the only one to actually mention climate change or greenhouse gas emissions. If it's important, we would not move forward without knowing the data.

There has been a discussion that this project is a win-win. Right now, transportation is the largest source of carbon pollution in Maryland. If we are taking climate change seriously, it would be a central part of this conversation. We would have the data. We would know what was being modeled. There have been claims to very, very specific traffic benefits, 35 percent reductions here. That means that there is actually some structure to the modeling. There's an assumption, how many lanes, how many cars. So to have that and at the same time tell us that the NEPA process is continuing and we're exploring all alternatives, if you move forward on a bid, for a very specific solicitation from companies, the people who are doing the environmental studies will assume that the decision has already been made.

SECRETARY GONTRUM: Twenty-five seconds, Mr. Tulkin.

MR. TULKIN: There has been a discussion that this project is a win-win. I believe that we are not considering the next generation when we're talking

about winners and losers here. Climate change is an inter-generational threat. And if we are serious about climate change, it needs to be front and center before we begin making contracts and moving forward. With respect to the Comptroller and everybody up here, none of you are environmental engineers. And if this is important, we will wait to hear from the experts before moving forward.

SECRETARY GONTRUM: That's time.

MR. TULKIN: Thank you very much for your time.

GOVERNOR HOGAN: Thank you very much.

TREASURER KOPP: Thank you, Josh.

GOVERNOR HOGAN: Next we have Bob Buchanan from the 2030 Group.

MR. BUCHANAN: Good morning, Governor --

GOVERNOR HOGAN: Good morning.

MR. BUCHANAN: -- members of the Board. I'm Bob Buchanan and I'm with the 2030 Group, which is a group of business leaders from suburban Maryland, Northern Virginia, and the Washington, D.C. area talking about the need for regionalism, and this project certainly meets that need. I commend the efforts you have made, Governor, and your commitment to see this through. I just wish today's conversation were further along. I was here several months ago for the last hearing. And I wish there was more talk about the broken Maryland Beltway on

our Agenda. But I realize to make things happen, you're doing what you can and I certainly appreciate it.

My only comment would be the word connectivity. The HQ2 experience taught us that companies like Amazon really want to go where there's connectivity between this great workforce we have, where they live and where they work. And this project addresses it in a regional way. But there's many others that need to be on our Agenda item and I hope next time we talk they are being prioritized. But again, congratulations for getting us to where we are. As a business leader, it has been frustrating. Perfect is the enemy of good and it's an economic imperative that we move forward. Thank you.

GOVERNOR HOGAN: Thank you very much. Next, we have Brad German, Citizens Against Beltway Expansion.

MR. GERMAN: Good morning, and thank you very much for this opportunity. I speak on behalf of Citizens Against Beltway Expansion. It's a local group that has about 1,300 civic associations and residents who would be affected by this proposal.

First, we do appreciate that efforts that have been made to address some of the issues that we've had with the expansion of I-495 and to improve collaboration with State and local governments. But transparency and collaboration with stakeholders is sound policy and it is the right and best way to build for long term congestion relief in suburban Maryland. That's why we believe

some more needs to be done to avoid the practical and financial failures of comparable P3 tollways that we've seen in North Carolina, Texas, and other states.

We really need to act more to best protect the interests of Maryland communities, commuters, the environment, and taxpayers by explicitly requiring MDOT to share its latest traffic and revenue projects, current origin destination data, toll estimates, and environmental data with the public, the General Assembly and all of those agencies that have independent analysis and verification responsibilities. The same goes for sharing the details of the 2019 American Legion Bridge Accord that you signed with Governor Northam. These details should not be hidden from Maryland taxpayers and drivers, since we are the ones who will be paying the bills, sitting in traffic, breathing the exhaust, and on the hook if the developer is over-optimistic with their projects. Over-optimism is a real problem with P3 tollways. Independent due diligence is critical, especially since it's clear public money will be involved, whether or not it comes from new taxes. And given the track record of P3 tollways, nobody should be in a hurry to sign taxpayers up for a 50-year game of Gotcha with a tollway concessionaire.

SECRETARY GONTRUM: Twenty-five seconds.

MR. GERMAN: We are also concerned with the premature elimination and de-emphasis of other options, such as mass transit, although we do agree with and are pleased with some of the changes that have been made within the amendments. But we therefore ask you to -- but more can be done. Since all

together these packages can deliver congestion relief at a cost of one-tenth of what the current P3 tollway proposal is billed at, we therefore ask you to remand the current request back to MDOT to request these data issues --

SECRETARY GONTRUM: That's time, Mr. German.

MR. GERMAN: -- and let's get it right. Thank you.

GOVERNOR HOGAN: Thank you. I next have John Kane, Citizens for Traffic Relief.

TREASURER KOPP: Governor, could I just say as John -- good morning --

MR. KANE: Good morning.

TREASURER KOPP: -- comes up, I share folks' feeling that we should see more data, that it should be public, so people understand it. I don't believe that you are intentionally hiding it, and the word hidden raises red flags. But one of the concerns is we can't see everything, we just see the conclusions. So you don't know how -- thank you, John.

GOVERNOR HOGAN: Thank you. Good morning.

MR. KANE: Good morning. Thank you, Governor, Comptroller Franchot, and Treasurer Kopp. Our group, Citizens for Traffic Relief, supports Maryland's plan to use private funding to add congestion managed express lanes on I-270 and the Beltway to increase travel options, reduce delays, and improve transit service. Much is being said about the impact on our climate, but the science

is clear on this. When you increase rush hour speeds from ten miles per hour to 35 miles per hour, you cut CO2 emissions per mile by more than half, by more than half. So I keep trying to emphasize that to the elected officials I've met with in Montgomery County and Prince George's County. And once they look at the report that I send them, they understand it and they are a bit enlightened.

I'm going to pass on the rest of this, because it was disturbing what the man said earlier, particularly about Comptroller Franchot in Greenbelt.

COMPTROLLER FRANCHOT: I didn't take it personally.

MR. KANE: Well, here's my thing. I've been around and met with legislators in Montgomery and Prince George's County, and I've been meeting other folks who are I guess opponents. And it bothers me that this becomes such a personal attack. And I think we have too much of that in Washington. The Honorable Council Member from Hyattsville, I think, or from Greenbelt, I think that's not what we do in Maryland and I think that's not healthy. I think folks that are opponents of ours, are not the enemy. They just --

SECRETARY GONTRUM: (Indiscernible).

MR. KANE: -- we just disagree. And you certainly could have kept this issue going on for months and months and months. Not bad ink for a constituent that you're going to possibly depend on. You didn't. You rose to the challenge of great leadership, as Governor Hogan has done, and Secretary Kopp is interested in learning more about the details of the program. So I commend the

three of you. And I would just ask the opponents, let's be civil. We're not enemies. That's all I have. Thank you.

GOVERNOR HOGAN: Well I thank you very much. Thank you.

Next we have Louis Campion, Maryland Motor Truck Association.

MR. CAMPION: Thank you, Governor, Comptroller Franchot, and Treasurer Kopp. Again, Louis Campion for the record with Maryland Motor Truck Association representing in excess of 1,000 trucking companies and their suppliers around the State here in support of this proposal.

You know, by all measures we've heard about congestion getting worse. Our industry is constantly battling congestion, right? We're delivering the food, the medicine, the clothes, all the supplies that citizens need in their daily lives. And for us, congestion has a direct impact on any number of costs, whether that be driving up your fuel costs, your labor costs, increased emissions as a result, and making it increasingly difficult to actually deliver goods within the hours of service limits that are set for truck drivers in State and federal law.

What are we seeing? We're seeing where we have to buy more equipment. We have to put up more distribution centers. Why? Because we need to try and shorten the average delivery because our transportation costs, or our transportation times, are so unpredictable.

The cost of congestion to our industry is calculated at 1.2 billion hours. And if I can illustrate that, that is the equivalent of 425,000 truck drivers

sitting on the roadway in congestion without moving for an entire year. We urge your support. Thank you.

GOVERNOR HOGAN: Thank you very much. Next, we have Nancy Soreng from the League of Women Voters.

MS. SORENG: Governor Hogan, Treasurer Kopp, Comptroller Franchot, I appreciate the opportunity to address you today. And we do appreciate that you've begun to have conversations with local officials and have made some adjustments to the amendments that were proposed for the December 4th meeting.

The League of Women Voters has already supported achieving and maintaining cooperative working relationships among State and local agencies in order to achieve better planning and to decrease the use of single occupancy vehicles. I'm afraid that this project does not decrease the use of single occupancy vehicles.

These are some of our specific concerns. The list of alternatives retained for detailed study eliminates any meaningful consideration of travel demand management solutions, expanded transit solutions, or more incremental highway improvements, such as reversible lanes or additional lanes within the existing footprint. There has been a complete lack of transparency about the calculations that show that the project is financially viable. Additionally, if relief from congestion results from this project, and there is considerable study that says adding lanes is only a short-term solution, those who can afford to pay are the only

ones that will see that relief. This is a real problem for our environmental and social justice values.

While the amendment now allows for potential revenue to flow to transit before construction expenses have been paid, the terms of the MOU are still a mystery. And we do appreciate hearing that the approval of that MOU and your due diligence will be part of this moving forward.

SECRETARY GONTRUM: Twenty-five seconds, Ms. Soreng.

MS. SORENG: We ask that you reconsider this P3 project and develop a long term comprehensive sustainable plan for a transportation system that will carry Maryland into the future. Thank you.

GOVERNOR HOGAN: Thank you very much. I just want to interject for a second because -- oh, not for you. I'm sorry.

MS. SORENG: Okay.

GOVERNOR HOGAN: A number of people have brought up transit, you know, we need to invest more in transit, we're not investing enough in transit. And this is sort of a dialogue we hear a lot about. I just want to get this on the record. I've been Governor for five years. Our administration has invested \$14 billion in transit. I've invested more in transit than any Governor in the history of the State of Maryland. We're building the Purple Line right in this same vicinity, just adjacent to where we're talking about road improvements now. This is the largest public-private P3 transit project in North America that was sitting around

for years and we're finally moving forward on it, much like we are on the traffic relief. We came forward with a proposal for the region to save the Metro system and to tie in the Purple Line with the transit system. So, for anybody to say we don't believe in transit options, that's just simply not true. More of our transportation dollars go into transit than roads. So, we also, the problem is, only eight percent of our population uses transit ever. So a lot of people are still stuck in traffic and that's why we're trying to also address the people that are stuck in traffic on the roads.

Next we want to hear from John Townsend, AAA Mid-Atlantic.

MR. TOWNSEND: Good morning, Governor, Comptroller Franchot, and Treasurer Kopp. I'm from AAA. We represent 60 million members across the country, a million members in the State of Maryland, and we support this project, especially phase one. Because this is, as we've been saying all morning about traffic relief, about congestion relief. It's about common sense. It is about the quality of life. It is about your legacy because this is a paradigm change.

We're changing the status quo. We're making Maryland competitive not only with Northern Virginia and the State of Virginia, but also with the balance of the United States. Because this is also about economic development and job creation. And let me just underscore this, because this is a strange thing, you would think, for AAA to talk about. But we're concerned because we think that the State of Maryland has lost its position as one of the great economic

powerhouses in -- and this is not a reflection on you, Governor, but it's reality. In comparison to Northern Virginia, in the first ten months of 2019, nearly 20,000 jobs were created. About 54,000 jobs were created in that same span of time in the District of Columbia. But only 200 jobs were created in suburban Maryland.

SECRETARY GONTRUM: Twenty-five seconds, Mr. Townsend.

MR. TOWNSEND: And we think this is linked to the congestion on our roadways. There is a link between economic development and infrastructure. So let's go ahead with this project. Let's change the paradigm. And let's secure the future and the economy of the State of Maryland. Thank you.

GOVERNOR HOGAN: Thank you very much. And let me just, let me just correct what you just said a little bit.

MR. TOWNSEND: Okay.

GOVERNOR HOGAN: You said it right. But I just want to clarify. We actually during that same time frame had the highest job growth, rate of job growth of any state in America. We went from losing 100,000 jobs to gaining 140,000 jobs. We've had record job growth for the past eight months in the State of Maryland.

MR. TOWNSEND: Yes.

GOVERNOR HOGAN: Where we haven't had job growth is in Montgomery County --

MR. TOWNSEND: Right.

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GOVERNOR HOGAN: -- and Prince George's County --

MR. TOWNSEND: That's right.

GOVERNOR HOGAN: -- because of the road congestion. So --

MR. TOWNSEND: You and I are on the same page.

GOVERNOR HOGAN: -- Northern Virginia is beating Montgomery County. The State of Maryland is growing jobs at a faster rate than the State of Virginia.

MR. TOWNSEND: Thank you for clarifying.

GOVERNOR HOGAN: It's because we've got 800 road projects moving forward on every single top priority project in the entire State in every jurisdiction, \$9 billion. That's a part of why. We went from, our overall economic performance was 49th out of 50 states, and we moved into the top ten. So we're doing great things. The place that's suffering is this place where this traffic congestion is.

MR. TOWNSEND: Two hundred jobs.

GOVERNOR HOGAN: -- 200 jobs in Montgomery County.

MR. TOWNSEND: It's hard to believe, 200 jobs.

COMPTROLLER FRANCHOT: Could I, yeah, could I drop in, though --

MR. TOWNSEND: Yes.

COMPTROLLER FRANCHOT: -- because the *Wall Street Journal* recently had a big article about Maryland being the richest state in the United States of America, average family median income \$80,700. So yes, we have some challenges with employment and new businesses coming into Montgomery County. But I didn't see Virginia on that list.

MR. TOWNSEND: Well, ten years ago, Montgomery County --

GOVERNOR HOGAN: I'm sorry, we've got to move on.

COMPTROLLER FRANCHOT: Yeah. Yeah.

(Laughter.)

GOVERNOR HOGAN: Hey John, we'll have another discussion about that later.

TREASURER KOPP: Could I just say, sir, that there are, I am a member of AAA and I respectfully disagree with my organization.

MR. TOWNSEND: -- we have a million members.

TREASURER KOPP: Right.

GOVERNOR HOGAN: Next, we have Jane Lyons for the Coalition for Smarter Growth.

MS. LYONS: Good morning. Thank you for the opportunity to speak today. I'm here on behalf of the Coalition for Smarter Growth, the leading organization in D.C. advocating for walkable, inclusive, transit oriented communities throughout the region.

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The multi-billion-dollar, decades-long decision being made today is being rushed. We believe it's premature and lacks adequate environmental alternatives and financial analyses. MDOT has begun with the conclusion to build private toll lanes rather than with an objective analysis of alternatives. Crucial information has not been shared. The public deserves to know how much they are expected to pay, both in tolls and potentially in taxes.

To date, MDOT has failed to study a true comprehensive transit, demand management, and transit-oriented land use alternative, and Maryland has 26 Metro stations, many of which are not being fully utilized. Incentivizing commercial development and residential development at those transit stations would do more to reduce driving, long distance commuting, and traffic than further widening highways.

Because of induced demand, newly widened highways and metropolitan areas fill up again in as few as five years, but transit oriented development provides long term traffic mitigation. It's clear from the choice that Amazon made with HQ2 the high value that modern employers place on access to high quality public transit. For these reasons, we urge the Board to delay further action and steps towards a P3 agreement, and ultimately to adopt a more effective and sustainable transit oriented approach. At a minimum, this project requires a comprehensive alternatives and impact analysis, clarification of the State's

financial obligations, independent financial and traffic analyses, and a better deal for transit. Thank you for your time.

GOVERNOR HOGAN: Well, thank you for your time. And I'll again reiterate that we worked with Virginia and D.C. to come up with a sustainable funding source for Metro, and we're building the Purple Line, which is the largest transit project not only in the region but in North America.

TREASURER KOPP: And that Secretary-designee Slater has committed to providing this information to us now.

GOVERNOR HOGAN: Yes. But I was just responding to her comment about Virginia is doing transit and we're not. We're actually doing transit. Barry Catterton, Specialized Engineering.

MR. CATTERTON: Good morning, everyone. Good morning, Board and guests. I'm Barry Catterton. I'm Vice President at Specialized Engineering. We're an employee owned company based in Frederick, with an office and construction materials testing laboratory in Hanover, Maryland as well. The company was formed 28 years ago in the garage of one of our founders. We employ just under 100 men and women, with civil engineering, geology, construction quality control technicians, and construction quality assurance inspectors, as well as laboratory technicians and administrative professionals. Some of our folks are licensed engineers with advanced degrees; others have their GED. But they all have the opportunity to thrive in our company.

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Many other firms like us in Maryland depend heavily and were formed to support Maryland's transportation engineering and quality assurance needs and helping MDOT to ensure the safety of the traveling public. Specialized Engineering and I support the I-495/270 P3 project, including these amendments.

Approval of this program is a necessity. A project of this magnitude would cause a significant hardship on the public funding of Maryland in a traditional design-bid-build format. The State of Maryland simply cannot afford this expansion on tax dollars alone. On the other hand, the private sector is eagerly waiting to fill the void in funding. MDOT and SHA have done the work. They have completed the studies and this proposed project is exactly what Maryland needs to alleviate traffic in the D.C. Metro area. Private involvement will alleviate the maintenance costs of the new construction, saving the State millions of dollars into the future.

SECRETARY GONTRUM: Twenty-five seconds.

MR. CATTERTON: Just to maintain the current roads on the I-495 and 270, the State will need to invest \$1.7 billion, and that comes with no congestion relief. Instead, this project will free up that \$1.7 billion for other vital projects in the State. Thank you for your time.

GOVERNOR HOGAN: Thank you very much. Next we have Michael Sakata, MTBMA.

MR. SAKATA: Here. So no congestion folks, but for the Elvis fans, it is Elvis' birthday. So --

GOVERNOR HOGAN: I also heard it was Lamar Jackson's birthday.

MR. SAKATA: Oh, go Ravens! Thank you for being here. I'm Michael Sakata, head of Maryland Transportation Builders and Materials Association. MTBMA represents 21,000 workers and business owners in the transportation construction industry, and we're ready and eager to help alleviate the strain on Maryland drivers. As we all know, let's move forward on this project. I'm not going to talk about that. But really, I think, you know, nobody doubts the traffic concerns around 270 and 495 are terrible and cause an insurmountable stress on Maryland residents any time they get on the roads and the surrounding roads. Not only would this project solve our biggest concern being traffic, but it also has additional benefits, such as creating obviously a lot of, we talked about 117,000 to 143,000 new jobs. These are high paying, high quality, highly skilled jobs. MDOT has planned a robust inclusion requirement that ensures that the construction is done by Marylanders. The biggest, this is obviously the biggest project in the universe, right, as a lot of us talked about. We need to make sure it manages a balanced approach. P3 projects must have the most flexible and dynamic operating terms and anything that restricts a company's ability to maximize and deploy its resources freely would hinder that operation.

All that being said, this will require a workforce from union and non-union folks across the board. The largest in the universe, this is going to require all of us to get together and to move, to get this thing moving forward.

SECRETARY GONTRUM: Twenty seconds.

MR. SAKATA: Thank you. My members are ready to supply the workforce and materials needed to get Marylanders moving again. Thank you, guys.

GOVERNOR HOGAN: Thank you very much. Denisse Guitarra, Audubon Naturalist Society. I'm sorry, I hope I got your name right.

MS. GUITARRA: Good morning. My name is Denisse Guitarra and I'm here with the Audubon Naturalist Society. For 122 years, Audubon Naturalist Society has inspired people to enjoy, learn about, and protect nature. Today we urge the Board of Public Works to vote against line item 23-GM that seeks to amend the P3 process for soliciting developers before the environmental impact statements are released.

MDOT and MDTA have not provided adequate or transparent information regarding the environmental and financial impacts of the highway and the bridge expansions. It is the Board's duty to wait for the environmental impact statements to be released before proceeding and securing implementation partnerships and contracts. We consider these studies to be the eyes on the environment. In today's climate crisis, adding more luxury lanes for cars is neither

an equitable nor an environmentally sound solution. We contend that a plan that prioritizes climate action is the only route for satisfaction. The State must seek transit focused solutions that reduce traffic congestion while reducing greenhouse gases. Adding more lanes will increase the number of impervious surfaces, which consequently degrade the water quality used by people and wildlife alike. Our precious local streams impacted by these changes include Rock Creek, Sligo Creek, the Potomac, and the Anacostia, and eventually our Chesapeake Bay. Without transparency, financial review, and the EISs at hand, the Board lacks the critical information it needs for approval. On behalf of ANS and our 10,000 members I exhort the Board to act responsibly and vote against line item 23-GM today. Thank you.

GOVERNOR HOGAN: Thank you. Next, we have Dennis Desmond from LiUNA! and let me just say, you see some guys here with orange shirts on. There's a whole army of them out there that could not fit in the room. We didn't want to kick everybody else out. But we want to thank you all for being here today.

MR. DESMOND: Thank you, Governor. Thirty-six of them including some right here in the audience. And so, I represent Laborers Union Local 11. So who are we? We are commercial construction workers. We are on the Purple Line. We are on the northeast boundary tunnel cleaning up the dirty water in D.C. We are repairing the Metro. We are the people who lay the asphalt,

who pour the concrete, who put down the utilities, and who are the flaggers that some of you beep your horns at out of understandable impatience. But that's what we do to keep these projects safe.

So thank you, Governor Hogan. Thank you, Comptroller Franchot, that you have allowed union workers to bring their training and skills to this project and we pledge to do as good a job here as we've done on the others. And we've worked on a lot of the area's public-private partnership projects, by the way, which but for that model, those projects would not have been built.

Let me just say on a personal matter, I am a resident of Montgomery County, Maryland, as are about a third of our members. And so what we bring to the table on any project is a living wage, a pension, health insurance, so that when our kids get sick we go to a private doctor and not a hospital at taxpayer expense. And also, we have access to world class vocational educational programs. Because most of our members do not go to college. But to get ahead, you need to have that kind of access to education.

So my point here, the bottom line, this isn't just a path to fixing infrastructure, crumbling roads, and bridges, this is also a path to the middle class.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: And thank you. And earlier, all your members said they were also tired, sick and tired of sitting in traffic.

MR. DESMOND: They hate sitting in traffic. And it also makes them late to the job. It affects -- I mean, seriously, though. You know, when you look at our ability to perform infrastructure projects in the area, when you can't get people to jobs, you can't finish things on time. You can't finish them on budget. And you also have safety issues, too.

GOVERNOR HOGAN: Yes. Thank you.

COMPTROLLER FRANCHOT: Is that your billboard that was going around the State House?

MR. DESMOND: Yes, sir.

GOVERNOR HOGAN: Yeah, thank you. I like that sign. You just keep that going around every day.

(Laughter.)

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: Could I ask Mr. Slater a question about this?

GOVERNOR HOGAN: I'm sorry. Yeah. I'm sorry, no, she's asking Mr. Slater. I'm sorry.

TREASURER KOPP: I appreciate it.

GOVERNOR HOGAN: We thank you, though.

TREASURER KOPP: Thank you. I was told there is a provision in here about labor or about PLA but I don't see it in the item. Where would I see that?

MR. SLATER: So the entire project will be built under a prevailing wage, and Davis-Bacon and all of that. And we're committed to working on a benefits agreement that would include our labor partners and our MBE and DBE partners, and everybody at the table as we work together on that.

TREASURER KOPP: Okay. So it's a commitment, it's not something we're voting on --

MR. SLATER: Right.

TREASURER KOPP: -- today. And you're following the law, which is Davis-Bacon. It's good to hear that.

GOVERNOR HOGAN: Well as Mr. Sakata said, it's going to be, it's the largest P3 road project --

TREASURER KOPP: Absolutely.

GOVERNOR HOGAN: -- in the universe. And that's going to require all the labor we can get, both union and non-union, and --

TREASURER KOPP: Absolutely. No, no, it's just that I was told that it was --

GOVERNOR HOGAN: -- MBE contracts which we don't have, yeah, we have to, we're going to put everybody to work that we possibly can.

TREASURER KOPP: But it's not something we're voting on.

GOVERNOR HOGAN: Right. Right. Next we have Jon Peterson from the Peterson Companies.

COMPTROLLER FRANCHOT: Oh wow.

MR. PETERSON: Good morning.

GOVERNOR HOGAN: Good morning.

MR. PETERSON: I appreciate the opportunity. This is a transformational opportunity here, and I appreciate everyone involved in getting to this point, especially the leadership of the Governor. I can't help but look back almost 20 to 25 years ago when we were having a similar discussion about the Woodrow Wilson Bridge and how it was the biggest choke point in America. Hopefully someday we're going to kick that, we're going to kick that notation.

But I just want to say, we have equal properties that we develop in Virginia and Maryland. And I can't help but say there's a great test tube that's happening over in Virginia. And look at the results that have happened over there. It has been transformational, such that they are expanding a project that they had no intention of expanding originally. And they are adding another project on I-66. So you know, in the development community, if you see something that's great, you know, plagiarism is okay. You know, you do the same thing. So I would urge to move forward with this. And you know, the phase basis, that's great. I think though in the future, the growth is coming. It is really coming. And we need to be prepared for that. What we're doing today I think is a Band-Aid and is reactive. I would hope that in the future we could be more proactive and be forward and visionary, and try and get ahead of some of the problems as opposed to react to

them as we all get more agitated. I think it's, and it's great for the economic development, as the 2030 Group talked about. The connectivity is invaluable.

I would just say that the benefactors of the Woodrow Wilson Bridge were Alexandria, yes. It wouldn't be what it is. We developed National Harbor.

SECRETARY GONTRUM: Twenty seconds --

MR. PETERSON: National Harbor would not be what it is today without that bridge. And that property brings hundreds and hundreds of millions of dollars to this State as a result of that major infrastructure improvement. So thank you for getting it to this point.

GOVERNOR HOGAN: Thank you very much, John. If you didn't bring that up, I was going to. I just can't thank you enough. You know, this is the kind of transformational thing that can happen. If it were not for that Woodrow Wilson Bridge, you would have never done National Harbor. It's the most important economic development project I think to ever happen in the State of Maryland. And we can't thank you enough for your investment in the State and creating all those jobs. And it's the gateway to Maryland now in the south. And we'd love to see this bridge on the other side do the same kind of thing for Montgomery County. So thank you very much.

MR. PETERSON: Thank you.

GOVERNOR HOGAN: All right. Next we have Janet Gallant, dontwiden270.org. I'm not sure which position she's going to take on this --

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(Laughter.)

GOVERNOR HOGAN: -- but Janet, thank you for joining us.

MS. GALLANT: Our organization has over 1,000 members. Just after Thanksgiving, I was part of a small group meeting with the Comptroller and we told you then, the people you would most expect to be happy about this P3 project are not happy, just angry.

We know that because we're a boots on the ground organization. We knock on doors, we speak widely, and we stand outside of MDOT meetings, most recently in upper 270 communities talking to everyone on their way inside.

These are the people hit hardest by congestion, and they take it as a given the toll lane project won't help them in any way. In fact, it will make things worse. They know the tolls will be unaffordable. Why else would the State refuse to release the expected toll rates? They are sure the free lanes will stay congested, because the northern bottleneck will remain. More people will take 270 and most will be priced out of the toll lanes. And they don't for a minute buy MDOT's story that the road project will cost the State nothing. One way or another, we all know we're going to pay for this \$11 billion deal through tolls, through that sharing of risk item, through bailing out the builder, and more.

You may call this 270 P3 plan a win-win. But who is winning? It's not the State's taxpayers, not the voters losing trust in their elected officials --

SECRETARY GONTRUM: Twenty seconds --

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MS. GALLANT: -- not people worried about the environment, not local communities, and not commuters. None of them think they will come out ahead.

We're looking for something different and so sensible it seems obvious: fair, effective, multi-modal transportation, supported by evidence that it will actually work. Thank you.

GOVERNOR HOGAN: Thank you very much. Next we have Daniel Flores.

(Applause.)

GOVERNOR HOGAN: Daniel Flores of the Greater Washington Board of Trade.

MR. FLORES: Well, good morning, everybody. Thank you very much for the opportunity to testify today in support. And also a former resident of Maryland, I'm sorry. I lived --

GOVERNOR HOGAN: Traffic got too bad?

(Laughter.)

MR. FLORES: -- close to 40 years in Prince George's County and Montgomery County. And I bet that two of those, if not more, I probably spent in traffic. So I moved to Virginia, but I'm very positive of what's going on over here. And now, the Board of Trade, we're working on a smart region project and it's Connected DMV. And Connected DMV goes beyond technology. This is what's

happening now, is what we want to see, is how we connect our communities, how we connect everybody, our visitors, our residents, to make sure that we mobilize. Alleviating traffic congestion in greater Washington to reduce the cost of congestion and to attract and retain qualified employees, keep businesses, and attract new ones, is one of the Board of Trade's priorities.

On the infrastructure side, we support the construction of new roads, transit, and bridges, and the funds needed to secure these improvements. Examples of the Board of Trade priorities have included the Intercounty Connector, the Purple Line, which has been mentioned many times, a regional system of hot lanes complementing those now in Virginia, and more. Obviously, we are in strong support of what is being today on the table and we commend you on that as well as selecting Mr. Slater here for the Transportation Secretary.

The Board of Trade will continue to work with your administration and the Secretary in many of the opportunities that we're going to have in the State.

SECRETARY GONTRUM: Ten seconds.

MR. FLORES: We believe ultimately that the entire region's interstate highway system needs to be upgraded and modernized with new managed lanes and express bus transit service on the entire network. However, the changes before you give us a place to start right now.

SECRETARY GONTRUM: It's time, Mr. Flores.

MR. FLORES: Thank you very much, sir.

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GOVERNOR HOGAN: Thank you very much.

MR. FLORES: Thank you for the opportunity.

GOVERNOR HOGAN: Thank you. Next we have Ben Ross, MTOC.

MR. ROSS: Good morning.

GOVERNOR HOGAN: I don't have a watch. Is it still morning?

(Laughter.)

MR. ROSS: I'm Ben Ross, Chair of the Maryland Transit Opportunities Coalition, a statewide coalition of grassroots transit advocates and transit workers.

I just want to say a few words about this project. It is a fundamentally flawed project overall and the result of that is that when you fix one problem, you create others. And that's what we see here. By limiting the project approval now to the lower part of 270 and the bridge area, you are creating more traffic jams in other places. You will have nine lanes merging into two going northbound on 270, and you will have four additional lanes feeding into the backup that you already have at the Wisconsin Avenue exits to the Beltway.

So the effect of that is that for most trips within Maryland, traffic will actually be worse. Now what will that do to our economy? There's lots of research that shows that business locations are often driven by convenience to the boss. And if you are a CEO living in Potomac or Bethesda, you have an easy drive

to Tysons and you can afford the toll, and you have worse traffic going elsewhere in Maryland.

SECRETARY GONTRUM: Twenty-five seconds, Mr. Ross.

MR. ROSS: So I believe this is not good for traffic and it is not good for the economy. Thank you.

GOVERNOR HOGAN: Thank you. Mike Higgins from Concrete General.

MR. HIGGINS: Well, good early afternoon to everyone.

(Laughter.)

MR. HIGGINS: Again, I'm Mike Higgins. I'm the General Manager for Concrete General. We're a Gaithersburg based, heavy highway contractor.

We perform work throughout the State of Maryland, mostly for MDOT, SHA and MDTA, including the current I-270 congestion relief project that's ongoing on 270 right now. Again, just a Band-Aid for a big fix. We were founded in 1972. We're a third generation company with over 300 employees. We support the I-495/I-270 program, including these amendments today.

Maryland drivers spend about 82 hours sitting in traffic in the Metro area, which costs us probably over a billion dollars in added costs each year. This hurts businesses, including mine, that have to get to various work sites in order to perform their work. Congestion drives up the cost of doing business, causing

residents and taxpayers to foot the bill. I know I have a good day when I don't have to go on 495. That's probably not a good thing to say as a road builder.

Virginia's express toll lanes on I-495 and I-95 have decreased travel times by between 23 minutes on 495 and almost 60 minutes on 95 during peak travel periods. The horror stories, as Mike had talked about, Greg talked about, too, the horror stories about the I-66 massive tolls do not apply to this proposal because the portion of I-66 where the tolls are occurring are HOV lanes now --

SECRETARY GONTRUM: Thirty seconds, Mr. Higgins.

MR. HIGGINS: Thanks. Those large tolls were applied only to single passengers in vehicles who wanted to travel that area. So these roads do work and they do get people moving. So I thank you for your time and also your continued support to move forward with this very critical project for the State.

GOVERNOR HOGAN: Thank you very much. Next we have Brian O'Malley, the Central Maryland Transportation Alliance.

MR. O'MALLEY: I just checked. It's still barely morning.

GOVERNOR HOGAN: Oh, good. Thank you.

MR. O'MALLEY: Thanks for the opportunity to testify.

GOVERNOR HOGAN: It feels like afternoon.

MR. O'MALLEY: I'm sure, and you have a long day ahead of you. I want to recognize the call for civility. I agree that's important. It's also critically important that we be honest and clear. Let's start with the concept that when we

expand roadway networks more than we expand other options, like bus, train, bike, pedestrian, that leads people to drive more. That's been the story for decades and that's why in 2018 Marylanders drove more per capita, more miles per capita, than at any point in history. That's traffic. That's what traffic is, is more of us in cars driving around. That means that, you know, that comes from, for example, we've tried widening and as we've added roadway capacity, the hours of delay in traffic rose much faster. It doesn't solve traffic. It leads to more of it. That's because when we, for example, if we add a, you know, if we turn 12 lanes on 270 through Rockville to 16 lanes, there will be widened arterials north of there. There will be farmland converted to cul-de-sacs and strip malls, and everything will spread out more, and we will all drive more to do the things we do in our daily lives. That means more widening of the gap of economic opportunity. Some people will be able to afford to drive more, to pay the tolls, and others will be cut off and left behind. It also means more emissions. We should be very clear that the study that was cited about when people drive 20 miles per hour instead of ten miles per hour, or 40 miles per hour, the emissions per mile go down, the author of that study asked Maryland to not cite it as an example for this project because it is taken out of context.

SECRETARY GONTRUM: Ten seconds --

MR. O'MALLEY: The truth is that when we drive more, when we widen highways and we drive faster, people also drive more. And that will result

in more emissions. That's why the Chesapeake Bay Foundation supports our call for rejecting this proposal. That's why Sierra Club and Chesapeake Climate Action Network were here.

SECRETARY GONTRUM: Time, Mr. O'Malley.

MR. O'MALLEY: So the sooner we recognize that, the sooner Maryland can effectively address these crises. Please start today by voting no. Thank you.

GOVERNOR HOGAN: Thank you. But you do support our prioritization of transit, and building the Purple Line and all that?

MR. O'MALLEY: I'm concerned that the (indiscernible) --

GOVERNOR HOGAN: (Indiscernible).

MR. O'MALLEY: The Maryland Transit Administration budget in 2024 is half of what it is in 2019.

GOVERNOR HOGAN: Okay.

MR. O'MALLEY: In the program.

GOVERNOR HOGAN: Okay --

TREASURER KOPP: Is that true?

MR. O'MALLEY: And the development pipeline is empty. There's only one project in it (indiscernible) --

GOVERNOR HOGAN: (Indiscernible) Purple Line is the largest investment in transit in North America. So we're not going to argue today. But you have to check your facts.

MR. O'MALLEY: Well, I am here to argue that that's, we need to prioritize that more and we urge you to do it.

GOVERNOR HOGAN: I hear you. We have been prioritizing it but we're also going to have to fix traffic. Thank you very much. Next we have Joe McAndrew, the Greater Washington Partnership.

MR. MCANDREW: Good morning. Thank you for the ability to speak today. I'm here on behalf of the Greater Washington Partnership asking for your support for this important vote.

The Partnership is a civic alliance of the leading employers in the Capital Region from Baltimore to Richmond, and one of our main priorities is strengthening the transportation system throughout the region. As we seek to compete in an ever evolving global economy, the congestion of our region's roadway network and limited growth of the region's transit system is holding us back. Our residents and businesses are paying the ultimate price with estimates of congestion ranging up to \$7 billion annually. The status quo just simply is unacceptable.

The Partnership supports solutions that can measurably improve our multi-modal transportation system. This includes creating the Blueprint for

Regional Mobility, the first CEO led, driven, comprehensive transportation strategy for the region, a plan that includes a regionally coordinated, performance driven tolling network. When implemented correctly, performance driven tolls are a powerful tool that can reduce congestion, increase vehicle speeds, improve reliability, enhance access for all wage earners, and provide improved travel options.

The public analysis and debate to date on the traffic relief program has improved this project and this should not end today after the vote. This project, as this project advances, the Partnership encourages the State to prioritize providing enhanced connectivity to the greatest number of people, not necessarily moving the most vehicles or generating the most revenue.

SECRETARY GONTRUM: Thirty seconds.

MR. MCANDREW: This should include harmonization of free high occupancy vehicle policies with Virginia, and the traffic relief plan. The State should develop a strategy that ensures residents of all income levels benefit from the tolling investments, including those without the financial means to afford the tolls.

And finally, the State should continue to coordinate with all stakeholders in the RFP process to ensure we maximize the public benefit for the transformational investment. Thank you very much. Thank you for your support.

GOVERNOR HOGAN: Thank you very much. I want to first thank all of the people who took the time to come out and testify today and thank you for your patience in sitting here. We appreciate all of your input. Are there any questions of Comptroller Franchot or Treasurer Kopp at this point? We can bring, bring Mr. Slater back, or --

TREASURER KOPP: I don't believe we have a question, except to Mr. Slater. I want to thank you for the work and the commitments you've made. We'll go through the transcripts. We'll go through the questions we have together and look forward to seeing in the near future the information about the financials, the projections, the traffic origin destination, all of these things that folks have been asking for. And we look forward to having an opportunity, I'm big on prepositions, of being talked not to, and not at, but with. And I thank you.

GOVERNOR HOGAN: I second that. And so is there a motion?

COMPTROLLER FRANCHOT: I would move approval of the amendments as proposed by Secretary Slater.

GOVERNOR HOGAN: I'll second that. All those in favor?

COMPTROLLER FRANCHOT: Aye.

GOVERNOR HOGAN: Aye.

TREASURER KOPP: No.

GOVERNOR HOGAN: The motion carries.

TREASURER KOPP: But I look forward to seeing the follow up.

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GOVERNOR HOGAN: The motion carries, two to one. Thank you very much. I believe there is a motion to take a short break. There are a lot of people here for many, many other items. But we want to thank everybody that came for this. This is, I believe, the most historic vote we've taken in 20 years of the Board of Public Works. We deserve to have a decent bathroom break.

(Applause.)

GOVERNOR HOGAN: So we're going to resume the schedule in 30 minutes, how about that? We're going to take a little lunch break and we'll come back with the entire rest of the Agenda.

(Short recess taken.)

GOVERNOR HOGAN: Welcome back, everybody. We're in the middle of the Transportation Agenda. Are there any other questions on the remainder of the Transportation Agenda?

MR. POWELL: Governor, if I may, before you move forward, Mr. Slater needs to make a clarification on an earlier question.

MR. SLATER: Just real quick, at one point Madam Treasurer asked me about toll rates and I referred to it from I-66 but it was actually I-395 and not I-66. I was mistaken.

TREASURER KOPP: The \$60?

MR. SLATER: Mm-hmm.

GOVERNOR HOGAN: Thank you.

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MR. POWELL: Thank you, Greg. Is there, are there any other questions on the remainder of the --

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: I --

COMPTROLLER FRANCHOT: Oh, I'm sorry.

TREASURER KOPP: -- can you just hold on just a second while I -- I just want to make sure on the Port Administration, on 5-C, the dredged material containment facility.

MR. POWELL: Kristen?

MS. FIDLER: Yes.

TREASURER KOPP: Just a question as to how, I know you do, but can you tell us how you work in estimations of climate change and water impact, sea level rise, etcetera?

MS. FIDLER: Absolutely. Thank you for that question, Madam Treasurer. And good morning -- good afternoon. Kristen Fidler with the MDOT Maryland Port Administration. Yes, MPA conducted a climate change vulnerability assessment for the Cox Creek Dredged Material Containment Facility out through the year 2100. The assessment determined that the Cox Creek DMCF will be largely unaffected by local sea level rise, as well as storm surge associated with what we identify as a worst case scenario Category 3 hurricane. This is as a result of the facility's current elevation, which is at plus-36 feet. And what this

contract before you today for review and consideration and hopefully approval would raise the facility to plus-60 feet. We are also including armored stone on the exterior slope of the dike of the facility to an elevation of plus-10 feet. Just important to note, regular and ongoing inspections of the facility will continue to be conducted to ensure the integrity of that armoring and that that's maintained into the out years. So that is how that accommodation and taking into account sea level rise and climate change was built into the design of this facility --

TREASURER KOPP: Very good.

MS. FIDLER: -- and how the expansion is being designed and constructed.

TREASURER KOPP: And if there are unanticipated changes, is it possible to, I mean, is it all built in? Or is it possible to make alterations?

MS. FIDLER: Adjustments?

TREASURER KOPP: Adjustments?

MS. FIDLER: Absolutely. We are looking to start construction on the elevation rise this summer, but it will be a multi-year process. And then ultimately the intended elevation of this facility is to go to plus-80 feet. So that phase is --

TREASURER KOPP: So that's built in, the potential --

MS. FIDLER: Exactly. So there will be milestones and opportunities in the out years to continue to take into account what are we seeing

in the data, what are we seeing in the trends, and do we need to make design adjustments.

TREASURER KOPP: Very good. Thank you. I congratulate you also. I see you have down here the federal grant program (indiscernible) do you want to mention that, since --

MS. FIDLER: Absolutely, yes. As noted in the news just recently, the Port received \$1.8 million, I believe, from EPA for the DERA Program, and that's the Diesel Emission Reduction Act. This is at least the third year that the Port has received this type of grant award and we're really excited about what this means in terms of working with the equipment upgrades and infrastructure upgrades to reduce our emissions. But some of the feedback that we've received from EPA in receiving these awards is that it's due to our very strong outreach and community engagement. And so we're very proud of what this grant award represents for the Port.

TREASURER KOPP: I congratulate you.

MS. FIDLER: Thank you.

TREASURER KOPP: I congratulate all of us. It's a very good thing. Let me just mention, we talked earlier, and your predecessor is not here and if he were I would go out of my mind praising him and thanking him. But the progress on the tunnel --

MS. FIDLER: Yes.

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TREASURER KOPP: -- if it goes through is absolutely amazing. Something that when I was Speaker Pro Tem, which was several decades ago, we were working on and couldn't get, couldn't get moved.

MS. FIDLER: I would be remiss if I didn't thank the administration and MDOT for the support for the Howard Street Tunnel and advancing that absolutely enormously critical project. It is truly a game changer for the Port of Baltimore and the State of Maryland. So --

TREASURER KOPP: Well, I know we'll hear more about it later. But --

GOVERNOR HOGAN: I'm sure.

TREASURER KOPP: -- it's just very exciting.

GOVERNOR HOGAN: I could talk about that all afternoon, but --
(Laughter.)

GOVERNOR HOGAN: -- very long afternoon of a full Agenda.

MS. FIDLER: Yes.

GOVERNOR HOGAN: But thank you so much for all the great work at the Port.

MS. FIDLER: Absolutely. If I could just mention one last thing, as Jim White would say, the Howard Street Tunnel coupled with the second 50-foot berth deepening at Sea Girt is off to the races for the Port of Baltimore.

GOVERNOR HOGAN: Game changing.

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MS. FIDLER: Absolutely.

GOVERNOR HOGAN: Thank you.

MS. FIDLER: So thank you for your continued support.

GOVERNOR HOGAN: Thank you very much. Other questions on the remainder of the Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: All those in favor, three-nothing. Now we're going to move on to the Secretary's Agenda. And before we get started on that, I want to have everybody here welcome our new Executive Secretary of the Board of Public Works, John Gontrum. Let's give him a round of applause.

(Applause.)

GOVERNOR HOGAN: By the way, nice work on keeping everybody on track earlier this morning. It was very tough. But John took over from Sheila McDonald on January 1st, and John, congratulations first of all in your new role. Welcome to the new role. Although he is not a stranger to this Board, you have some big shoes to fill in replacing Sheila. We are sorry to lose her, but she retired on December 31st, along with Recording Secretary Missy Hodges. And we want to recognize both of them for their incredible accomplishments and their many years of service. And we're going to try to recognize them at a future Board meeting with some official recognition. But after 30 years of service for Sheila,

and 24 of them here at the Board of Public Works, and Missy, 31 years of State service. They are going to be a tough act to follow, but Sheila will be. But I know that you're going to do a great job, John. So thank you.

Before joining us, those of you who don't know, John served as the Comptroller's BPW Liaison for the past four years. Well, anybody that can do that job is --

(Laughter.)

GOVERNOR HOGAN: -- prepared for just about anything. But you know, he sharpened his expertise on procurement regulations and served on the Procurement Reform Commission with distinction. And we decided that we would welcome him to his first meeting with a very light Agenda to get him started off. We kind of are going to ease him into the job. So, welcome.

SECRETARY GONTRUM: Thank you, Governor, for that welcome and for those kind words, and for the confidence you, and Treasurer Kopp, and Comptroller Franchot showed in me. I'll certainly endeavor to emulate the unfailing professionalism that Executive Secretary McDonald demonstrated really in exemplary fashion in this position. I'm truly honored to be here for the first time as Executive Secretary of the Board of Public Works, at this the first, as you mentioned, Governor, constitutionally required meeting of the 156th year of this Board. We have 23 items on the Secretary's Agenda, including one supplemental item, and there are three reports of emergency procurement pending.

GOVERNOR HOGAN: Great. Thank you.

COMPTROLLER FRANCHOT: I just wanted to say that after he had been the timekeeper for two hours this morning, he wanted his old job back.

(Laughter.)

COMPTROLLER FRANCHOT: But that's okay --

GOVERNOR HOGAN: I wanted my old job back.

(Laughter.)

COMPTROLLER FRANCHOT: Yep. But Anne Klase is moving over from Legislative Affairs to handle John's former work at the BPW. And welcome, thank you --

(Applause.)

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

TREASURER KOPP: I'd just like to point out the three ladies --

GOVERNOR HOGAN: I was going to say that, yes.

TREASURER KOPP: -- just so --

GOVERNOR HOGAN: Yes.

TREASURER KOPP: In case no one noticed.

GOVERNOR HOGAN: So my BPW Liaison is also from the Comptroller's Office. So it's like he has taken over. It's a complete monopoly now. I don't know that, how he managed to do that. It seems like that's, there

should be some kind of a rule against that. But we have a great team, and he's obviously done a great job training all of these terrific people and we're happy to have them. They do all the real work here. Any questions? No questions?

COMPTROLLER FRANCHOT: Item 7, please.

SECRETARY GONTRUM: Item 7 is a Neighborhood Business Works loan from the Department of Housing and Community Development. I understand Michael Haloskey is here to answer any questions.

COMPTROLLER FRANCHOT: Yes. This, Governor, is something I support very strongly. It's a \$3 million general obligation bond to Union Collective. I'm a big supporter of this facility. They took over the abandoned Sears Warehouse property on I-83, right in Downtown, or close to Downtown Baltimore. And they have turned it into a thriving marketplace of Baltimore based small businesses, including Union Craft Brewing, Baltimore Whiskey, the Charmery. I had the opportunity to visit the collective when it was still under construction and after its grand opening. This is a facility that sat abandoned for years and years and years. And Adam Benesch and his team, Jon Zerivitz and Kevin Blodger, and Sea Wall Development, these folks have created a little window into the future as to what's going to happen to some of these urban areas that are right now unfortunately shut down and closed up. They are going to be opened up and be turned into thriving businesses and gathering places for our citizens. So thank you very much for what you guys have done. And I urge

everyone to go and visit, if you haven't, and get a glimpse of the future. Thank you, Adam. Do you want to say anything?

MR. BENESCH: No, thank you. This is exceptional. We are super, incredibly grateful to have your continued support on this project. It's meaningful to us and Baltimore and our State, and we're excited to keep trucking along and making progress.

COMPTROLLER FRANCHOT: And you can invite all of us up there, because I understand now you can have a beer, obviously, which is delicious, but Johns Hopkins is going to try to open something up, right?

MR. BENESCH: Well, we're working on that in filling the remaining spaces. And I would absolutely welcome all of you to join us for, to raise a pint, explore the many, many manufacturers under one roof. As the Comptroller mentioned, there's an ice cream factory, a coffee roaster, a whisky distillery, a rock climbing gym. We try to get the order right.

(Laughter.)

MR. BENESCH: But it is definitely a site for you to visit and explore the many great things being created right here in Baltimore.

COMPTROLLER FRANCHOT: Excellent.

GOVERNOR HOGAN: Well, with my New Year's resolutions, I think I might have to skip the beer, the distillery, and the ice cream and just do the rock climbing

(Laughter.)

GOVERNOR HOGAN: -- but thank you very much for that great work that you're doing.

MR. BENESCH: Thank you.

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

COMPTROLLER FRANCHOT: No, move approval.

TREASURER KOPP: I just have one request, the Department of Agriculture, Item 1. Could you just relay a request? I would like to learn a little more about how the Agricultural Cost Share Program works. I mean, we're getting to significant sums to individuals and I just think understanding the process would be worthwhile.

SECRETARY GONTRUM: Is Norman Astle here from the Department of Agriculture?

TREASURER KOPP: It doesn't have to be done this moment.

SECRETARY GONTRUM: Okay. I'll certainly relay the message.

GOVERNOR HOGAN: -- make sure we get a response back to the Treasurer.

TREASURER KOPP: But I think, I think when you see such big numbers, it's --

GOVERNOR HOGAN: Great. Is there a motion?

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COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. We'll move on to the DNR Real Property Agenda.

MS. HADDAWAY-RICCIO: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, Jeannie Haddaway-Riccio, Secretary of the Maryland Department of Natural Resources. We have nine items on our Real Property Agenda today for which we are seeking approval, and those items include our recommendations for the FY 2020 annual grant awards for the Rural Legacy Program. With your approval of this item, we will be awarding 17 grants to Rural Legacy Areas throughout the State that total over \$18.8 million. These funds will be used by our local partners, many of whom are here with us today, to purchase conservation easements from farmers and land owners who wish to protect their property into perpetuity.

We are also seeking approval and making a recommendation to expand six Rural Legacy Areas, which will enable our local partners to do even more on the land conservation front. I want to thank Governor Hogan, who championed and signed the legislation in 2016 that increased the funding for land conservation programs such as Rural Legacy, and I want to thank all three of you for your ongoing support of this program. As you know, earlier in 2019 we celebrated the 20th year and thanks to the leadership of the three of you, we

celebrated a milestone of 100,000 acres protected through the Rural Legacy Program.

So with that, I'm happy to answer any questions you may have.

GOVERNOR HOGAN: Thank you, Madam Secretary. As you know, and thank you for your leadership, but our administration is committed to land preservation and conservation. And I'm really pleased that these Rural Legacy grants are continuing. I think they make a huge difference in protecting our environment. And I know that we have a number of representatives here that are from the various Rural Legacy Areas. And why don't we bring them all up, the grant recipients, for a photo with the Board and with you.

MS. HADDAWAY-RICCIO: Yes, sir.

GOVERNOR HOGAN: Let's do that. Can we do that for a second?

SECRETARY GONTRUM: A bunch of people are still outside.

GOVERNOR HOGAN: They'll have to come fast because we've got a pretty long Agenda.

I don't know we'll all get in the picture. Can we just, we'll have to do like two rows. All the short ones in front of me. The Treasurer and I --

Great. Thank you all very much. Thank you.

Are there any questions on the DNR Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

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TREASURER KOPP: Second.

GOVERNOR HOGAN: Very good. Now we're going to move on to the University System Agenda.

MR. EVANS: Good afternoon. Joe Evans, representing the University System of Maryland. We have 12 items on the Agenda. We're here to answer any questions.

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

COMPTROLLER FRANCHOT: I have, if I could, I'd like to call up Items 2, 3, and 4 at the same time, since I have the same concerns about all three. Governor and Madam Treasurer, when Item 3, which is a request from the University to approve the last bid package for the construction of The New Cole Field House came before the Board, this Board at the November 20th meeting last year, I expressed concerns about the overall cost of this project. When the University came before the Board in October 2015, the total estimated cost was \$147.4 million. Today, assuming the bid package is approved, the total overall project estimate, inclusive of the design, construction, and equipment, comes out to \$210 million. So \$147 million originally, four years ago, now it's at \$210 million. That's a difference of almost \$63 million in the life span of this project. At the last meeting, I had a quote from Mr. Bill Olen -- does he still work with you?

MR. EVANS: I'm going to bring him up.

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COMPTROLLER FRANCHOT: From the University of Maryland, who in 2015 said to this Board, and I quote, "Myself and my staff have the responsibility to keep the project within that approved appropriation."

Let me just say I'm supportive of the idea behind the project. You know, there's hope springs eternal as far as the Terps sports program. But while I'm taking --

GOVERNOR HOGAN: The basketball team is doing great.

COMPTROLLER FRANCHOT: What? Basketball?

GOVERNOR HOGAN: The basketball team is doing great.

COMPTROLLER FRANCHOT: Yeah, the basketball team is doing great. Good.

TREASURER KOPP: Yeah, and the women's basketball.

COMPTROLLER FRANCHOT: Yeah. The other teams, not so much. But what I take issue with is the fact that the total cost of this project continues to increase. Obviously, we can spend all day debating the merits of construction management at risk, which the University System seems to strongly prefer versus design-bid-build, which I personally prefer and is the preferred construction method of DGS. But at the end of the day, it's the job of all of us to make sure the taxpayers' money is being spent wisely.

One of the benefits, supposedly, with construction management at risk is that there's certainty with respect to the overall cost of the project. The Cole

Field House project and the residence hall project in College Park and the science building project at the University of Maryland Eastern Shore all have guaranteed maximum prices. In the case of Cole Field House in September 2017, we approved an increase in price due to the University's desire to make some alterations to the design of the project. The justification the University System is providing today for the increases in overall project costs for each of these items is the shortage of skilled labor in the construction industry. This is not a new phenomenon, obviously. It's been around for several years now. I would imagine that the construction companies, Gilbane and Holder, are acutely aware of the labor shortage being faced in their industry. And I would have hoped that they would have built this into their estimates.

So now we're being asked to sign off on a \$24 million increase for the Cole Field House project, a \$40 million increase in the residence hall project at College Park, and a \$12 million increase in the University of Maryland Eastern Shore science building project. So there is \$76 million that we could perhaps contribute to the, I think they are looking for Kirwan money downstairs.

But I guess my first question to the University System is why are taxpayers or public, I'm not sure whether these are, what kind of fees are being used here, but ultimately it's all public money. Why are the taxpayers eating these increases? Why aren't the contractors doing it?

MR. EVANS: I will bring up Bill Olen, the Executive Director for Construction at College Park.

MR. OLEN: Good afternoon. Governor, Treasurer, Comptroller Franchot, what we're seeing, not only in the University System, in other public projects, and through the private development, I think the Lieutenant Governor did a good job talking about what he had heard back at the November meeting. It's widespread. It's in the region. It's at least highlighted between Wilmington, Delaware and Richmond. There are billions of more work going to be put in place and the shortage is really labor, skilled labor. Folks who are retiring from the field are not being replaced. So, you noted that. The Lieutenant Governor spoke of it at the November meeting.

What we're seeing is the prices are going up not because of, the majority of it is not because of scope. The dorm project at College Park has been 900 beds from day one. The cost to put that work in place because of the lack of qualified tradespeople, this is not only here. We've seen this getting worse for the last couple of years with projects, trying to keep them in the box. We do value engineering. I think St. Mary's College on an item that was on the Secretary's Agenda had a good write up on what they did to try and cut the scope of the project, get it back into budget. But they weren't able to, either. And right now, it's trade costs. It is, we've increased our estimates on the projects to the point where how much can we defend an estimate on a square foot per, dollar per square foot cost

which looks far greater than anything we've seen. And I think that trend is not over. We are looking at, we have done a lot of outreach, both in Western Maryland and the Eastern Shore, and the Chamber of Commerce, holding meetings with subcontractors to try to get them interested in participating in bidding. It is purely a subcontractor issue. The --

COMPTROLLER FRANCHOT: Yeah. Let me just --

MR. OLEN: -- whether it's a --

COMPTROLLER FRANCHOT: I understand all of this. I appreciate it. All of it could be obviously foreseen, I think, by whoever it is we're paying to handle the oversight of the project. They are experienced in this field. There's no kind of mystery that there has been a shortage of skilled labor. But I would recommend, I'm probably going to vote against these because I just find it to be too casual and too much of treating the taxpayers like an ATM machine to come back and get the money. I would prefer that you do what Salisbury did with the next project, which is a swimming pool athletic facility that they came in and asked for a significant amount of money for, and they went in and found out that the money wasn't going to be able to pay for the kind of renovations. So they changed the design and in fact they are returning money to the State. That's good. Why don't you take these projects back to your sponsors and tell them to trim whatever cosmetic and other bells and whistles are attached to these things, and then bring them back before us? That would be the financially prudent concept and

I'm sure that the managers who are in charge of this, who are getting paid to manage this, could make some reductions.

MR. OLEN: I will take that message back, sir. Myself and my staff give options all the time about cutting scope on projects. We would have to cut beds on the dorm project, for instance, and cut out research and academic space on the project at Salisbury. We've already cut out some on the -- excuse me. Not the Salisbury, the UMES project, we've cut out scope to try and keep it within budget already. The dorm project, we have looked at alternative construction materials to try and lower the cost. We have not been successful. So the only option on the dorm project is to cut beds.

COMPTROLLER FRANCHOT: Well, I'm going to defer to my colleagues. They probably don't want to do this because these have been sitting around. But I would certainly like you to go back and try it again.

MR. OLEN: Okay. I will take that back. No problem, sir.

COMPTROLLER FRANCHOT: Do we want to defer it for two weeks till we hear what they have to say or not?

TREASURER KOPP: What, I am perfectly happy to vote on it right now. If you think two weeks will provide --

COMPTROLLER FRANCHOT: Well I'm just --

TREASURER KOPP: -- information, I think we've heard a number of times now about these projects and they have been -- I don't know the proper

terminology. But value engineered, brought down. I don't think in terms of education and the future investment of our education infrastructure they should be brought down more in size. And if this is what the market is demanding, and you have -- this is mostly not generally funded. It's University and auxiliary funds. I am prepared to support the University.

GOVERNOR HOGAN: Look, I want to make sure if the Treasurer, I'm sorry, if the Comptroller's concerns can be addressed and we can answer some of his questions, in deferring the item for a few weeks so that the University can sit down with him and his staff and provide more information and try to address his concerns so we can bring it back in two weeks, if that's --

COMPTROLLER FRANCHOT: That would be great.

GOVERNOR HOGAN: -- if that makes sense, then we should do that. If you think that that's going to, if we don't take a vote today it's going to cause some undue harm and, you know, blow up the whole process because it's some emergency, a timeframe is running out, then we can take a vote right now and it might go up or down.

COMPTROLLER FRANCHOT: In two weeks I might vote for it.

MR. OLEN: We have had an issue since the item was deferred since November, an issue with the contractor, which is we had a subcontractor pull out, one of the major subcontractors. And the next sub is considerably more. I'm a

little worried about deferring it again. I am just stating that. I, whatever the Board wishes to do, I will follow that direction.

GOVERNOR HOGAN: Okay. Is there a motion to --?

COMPTROLLER FRANCHOT: I would defer for two weeks if possible.

SECRETARY GONTRUM: So the Board is clear, the next Board meeting is on the 29th of January, which is three weeks, so you're aware.

GOVERNOR HOGAN: And he's saying he's concerned that one of the, the three-week delay may cause a problem with the bidder.

MR. OLEN: I'm concerned, since we've already lost one sub and we've had a considerable increase in the housing project.

COMPTROLLER FRANCHOT: Who is in charge of the construction management at risk?

MR. OLEN: Who the CM is? Or who is in charge of that?

COMPTROLLER FRANCHOT: Yeah, who is the, yeah.

MR. OLEN: The design builder on the housing project is Holder Construction.

TREASURER KOPP: Governor, I would move to approve the projects.

GOVERNOR HOGAN: Yeah, I'll second the Treasurer's motion.

COMPTROLLER FRANCHOT: So still get --

MR. OLEN: I will still --

COMPTROLLER FRANCHOT: -- whatever information you get back to me. Because --

GOVERNOR HOGAN: Yeah --

MR. OLEN: I have all the value engineering information and where we already cut millions of dollars out of that. I can provide that to John --

GOVERNOR HOGAN: Yeah.

MR. OLEN: -- and he can share it with the staff.

GOVERNOR HOGAN: So, the Treasurer has made a motion and I have seconded it. It's going to pass two to one, and you're still going to get back and answer the --

MR. OLEN: Yes, sir.

GOVERNOR HOGAN: -- Comptroller's valid concerns.

TREASURER KOPP: Well, plus I would add to the Comptroller's concerns, there are a lot of projects lying out there ready to go. How you are re-engineering your budgets to be able to do, now that you know that the market is tight and why it's tight, what you are doing. Including working with other entities, training people, bringing them in. What are you going to do to allow us to continue to go forward in these economic times?

MR. OLEN: There was a conference call yesterday morning with about, probably about 12 folks from the System, including the Vice Chancellor, and

others from the University System to talk about next steps. And what are we going to do about increasing --

TREASURER KOPP: Terrific, so you're talking. Now the question is, what are you saying and what are you doing?

MR. OLEN: I had some homework to do after yesterday's conference call.

GOVERNOR HOGAN: And let me just say, the explanation that you gave is a very valid one as well, and this is true in the public sector, in the private sector.

MR. OLEN: Right.

GOVERNOR HOGAN: And while it's a problem for us with costs going up, it's not because things are bad, it's because things are good.

TREASURER KOPP: It's good. Yeah.

GOVERNOR HOGAN: So, we had the greatest economic turnaround of any state in America, and it's hard, it's so many, the economy is booming and there's so much projects we don't have enough skilled workers to accommodate all of that growth.

TREASURER KOPP: So, the question is, how we're dealing with that. These are good waged jobs.

GOVERNOR HOGAN: Nobody anticipated that we would have such a great economy and that we would use up all of the construction workers and that costs would rise so rapidly.

COMPTROLLER FRANCHOT: Yeah. I completely agree with that. But it is the mindset that I feel I'm running into all the time, which is it's going to cost more money so we're going to pay it, rather than what can we do to, you know, keep it within budget.

GOVERNOR HOGAN: Right. Yeah.

COMPTROLLER FRANCHOT: And you know, sometimes you have to make design changes --

MR. OLEN: Right.

COMPTROLLER FRANCHOT: -- and you have to give something up. Everybody does that.

GOVERNOR HOGAN: Yeah.

MR. OLEN: I agree, sir.

GOVERNOR HOGAN: Great.

MR. OLEN: To your point, Governor, the construction unemployment rate is about a percent lower in this region than the regular unemployment. So we're at record lows. And to point --

GOVERNOR HOGAN: We're at virtual unemployment in the construction industry.

MR. OLEN: Right, for construction workers that can be employed.

For, to your question, Treasurer Kopp, I think it starts --

GOVERNOR HOGAN: Full employment, I mean.

MR. OLEN: -- with what the Lieutenant Governor was talking about in November, with K through 12. Let's just leave it at that.

GOVERNOR HOGAN: Yeah. Great. Thank you very much.

MR. OLEN: You're welcome, sir.

GOVERNOR HOGAN: All right. Now we'll move on to the Department of General Services.

MR. CHURCHILL: Yes, sir.

GOVERNOR HOGAN: We already made the motion and passed the motion on the University System. So wake up, pay attention to the program. Stay with us, here.

MR. CHURCHILL: I'm woozy. Let me have one of these chocolates to wake myself up.

SECRETARY GONTRUM: I believe the motion was on, I have 2, 3, and 4, correct?

GOVERNOR HOGAN: Yes. Okay. Yeah, I'm sorry. Yeah, we pulled that out.

COMPTROLLER FRANCHOT: Yeah, 2, 3, and 4.

GOVERNOR HOGAN: Is there a motion on the remainder of the Agenda?

SECRETARY GONTRUM: Yes, sir.

GOVERNOR HOGAN: Yeah, that was two to one.

SECRETARY GONTRUM: Motion on the balance of the Agenda?

COMPTROLLER FRANCHOT: Move approval on the remaining.

GOVERNOR HOGAN: Three-nothing on the remainder.

SECRETARY GONTRUM: Thank you.

GOVERNOR HOGAN: There you go. Thank you, Secretary Churchill, for --

MR. CHURCHILL: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Maryland Department of General Services. Our department has 83 items on our Agenda today.

GOVERNOR HOGAN: Holy moly.

MR. CHURCHILL: Yes, including four supplemental items and one hand-carried item. We are withdrawing Item 42 and Item 75, and we have representation available to answer any questions you may have at this time.

GOVERNOR HOGAN: Questions on DGS?

COMPTROLLER FRANCHOT: I'm going to defer to the Treasurer. Do you have questions?

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TREASURER KOPP: I did. But give me a second. Sorry. One of them was about Item 40-IT. You have such a big Agenda, it's hard sort of to sort through --

MR. CHURCHILL: I'm sorry. Madam Treasurer, I didn't hear --

TREASURER KOPP: Forty.

MR. CHURCHILL: Forty? All right. Item 40, having to do with the Fujitsu desktop statewide replacement, Health Services.

MR. JAMES: Good afternoon. For the record, I'm Gregory James, Deputy Secretary for Operations of the Maryland Department of Human Services. So this contract is for the purchase of 3,290 Fujitsu desktop computers at a cost of approximately \$4 million. These are to replace outdated equipment and to allow us to make sure that our workforce is ready as we roll out the new MDTHINK applications, particularly in the Family Investment. So this is one of a series of replacements for hardware that we're pursuing.

TREASURER KOPP: So one of my questions is, how are we doing with MDTHINK?

MR. JAMES: I believe we're doing very well. So we have deployed in a pilot fashion in Washington County the Child Welfare System. And we're preparing to deploy in our next counties. And following the successful deployment there, then we'll roll out to the rest of the State by this summer, we anticipate. And then we anticipate rolling out for the Family Investment our eligibility and

enrollment system. The roll out of that will also start this summer. And then child Support will follow in December of this year.

TREASURER KOPP: Could you keep us informed as it --

MR. JAMES: Absolutely.

GOVERNOR HOGAN: Mm-hmm.

MR. JAMES: I'll be very happy to brief you all on that.

TREASURER KOPP: Thank you. Thank you.

GOVERNOR HOGAN: Great.

COMPTROLLER FRANCHOT: So, I thought, Madam Treasurer, you were going to comment on I guess it's 41, or something, which is Board of Elections.

TREASURER KOPP: Well that, too.

MR. CHURCHILL: Board of Elections.

COMPTROLLER FRANCHOT: -- hear what the agency has to say about --

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: -- the legislative letter.

MR. CHURCHILL: Matthew Heckles? Is Nikki here? Anyone from the Board of Elections?

SECRETARY GONTRUM: We went to check for you.

MR. CHURCHILL: Okay.

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COMPTROLLER FRANCHOT: I don't mean to --

TREASURER KOPP: You know, 42 is -- you know --

SECRETARY GONTRUM: I believe it's, 40 is a task order item, with multiple task orders. The DHS item is on that item, as is the State Board of Elections item.

TREASURER KOPP: Where is the Board of Elections item?

COMPTROLLER FRANCHOT: Here, pass that, please.

TREASURER KOPP: That's it.

COMPTROLLER FRANCHOT: Yeah. No. I'm just, I defer to you because the Legislature has sent some kind of --

TREASURER KOPP: Well my --

COMPTROLLER FRANCHOT: -- memo saying that they questioned whether or not it has been authorized, appropriated.

TREASURER KOPP: Ms. Charlson.

MS. CHARLSON: Good afternoon. Nikki Charlson --

TREASURER KOPP: Good afternoon.

MS. CHARLSON: -- Deputy Administrator of the State Board of Elections.

TREASURER KOPP: Can, yeah, can you tell us about this item --

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: -- and most specifically the questions raised by the Department of Legislative referenced in your responses?

MS. CHARLSON: Sure, I'd be happy to. With me is Shelly Holland, Director of Budget and Finance with the State Board of Elections.

So this TORFP does two basic things. It provides us resources for two basic projects. One is to provide database support and software development for the statewide voter registration and election management candidacy system. The second group of resources will help us start our project to replace the electronic poll books. We're looking at doing that for 2022, but we'd like to start working on getting some of the DoIT documents in place so we can be ready to roll once the 2020 election is over.

So the Department of Legislative Services sent a memo to the Treasurer Monday raising some questions about funding, and I'm happy to answer those. MDVOTERS, which is the statewide voter registration database, has historically been funded as special funds. It's county funding for the system, and that will continue under this.

TREASURER KOPP: And do the locals know about that?

MS. CHARLSON: They do. They have been paying to support MDVOTERS for well over ten years now.

TREASURER KOPP: No, but the new funding that will be required?

MS. CHARLSON: So, right, so the, all of the bids for this part of the contract came in higher than what we've been paying for the last five years. And so we will be releasing to them the difference between what they had budgeted and what the new contract will be, and we will work with them to get a deficiency appropriation if they need that to do that.

TREASURER KOPP: You will be working with them to get a deficiency appropriation from whom?

MS. CHARLSON: We will be working with the local boards of elections to help them get the extra funds from their county governments --

TREASURER KOPP: From their county. So --

MS. CHARLSON: -- if they need it.

TREASURER KOPP: So this is an increased cost to the counties, unanticipated?

MS. CHARLSON: It is. It is. The contract prices all came in higher than the existing contract. The existing contract was awarded back in 2014. Elections are somewhat of a different world now than they were in 2014, with all of the additional security requirements. And so that's very much part of why this contract is higher in value than, well this part of the contract is higher than what we've been paying for the last five years.

TREASURER KOPP: And this is something that you couldn't have anticipated that it would be higher? Are they that different this year than they were, what, nine years, nine months ago when the last budget was written?

MS. CHARLSON: Well we didn't have, we didn't have this contract, we didn't know what the proposals were going to be. We did have a very competitive procurement. We had ten proposals, all of which were higher than what we had been paying under the current contract. So we couldn't anticipate exactly what it was going to be until we had finished the procurement. I did communicate with the Maryland Association of Counties and explained this to them, and so they understand the funding situation that we have and, you know, are going to work with us on it.

TREASURER KOPP: What does that mean, work?

MS. CHARLSON: It --

TREASURER KOPP: MACo is going to come up with the money?

MS. CHARLSON: No, no. They understand the situation and that they are going to be working with the county governments to fund the difference. It is unfortunate that the contract came in higher than what we've been paying for five years. But all of the bids came in higher than what we have been paying.

TREASURER KOPP: How much?

MS. CHARLSON: We currently pay \$2.5 million a year, and under the new contract the portion is \$4 million a year.

TREASURER KOPP: It's almost double.

MS. CHARLSON: Yes.

TREASURER KOPP: And all the counties contribute the same portion?

MS. CHARLSON: They do. We allocate it based on voting age population.

TREASURER KOPP: All right. Well I look forward to following up with you on some of these questions --

MS. CHARLSON: Sure.

TREASURER KOPP: -- and the other ones that I know have been raised about the security of your IT system with the new wireless communications, which I understand there's going to be potentially legislation on.

MS. CHARLSON: That's what we've heard about the Election Day network to --

TREASURER KOPP: Yes.

MS. CHARLSON: -- right. We were before you --

TREASURER KOPP: Yes.

MS. CHARLSON: -- last month, I believe --

TREASURER KOPP: A couple months, yeah.

MS. CHARLSON: -- on the router procurement to set up the Election Day network so that the electronic pollbooks can communicate and enable

us to implement same day registration without impacting the timing of the canvasses --

TREASURER KOPP: And to be candid, I think there is a need for more transparency about the decision making and about the assurance of security. I know we have been told you can't, we can't say anything because it would make it not secure. That doesn't wash anymore.

MS. CHARLSON: Okay.

TREASURER KOPP: So we look forward to seeing a little more sunshine.

MS. CHARLSON: Sure, we'll be happy to do that.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: I have another item, Item 81.

MR. CHURCHILL: Eighty-one having to do with the MIA lease?

COMPTROLLER FRANCHOT: Yes.

MR. CHURCHILL: Depending on the nature of the question, but we'll start with Wendy Scott Napier, Assistant Secretary for the Office of Real Estate. We also have members from our Attorney General's Office if you have a legal question.

COMPTROLLER FRANCHOT: Good. That's terrific.

MR. CHURCHILL: And members of the --

COMPTROLLER FRANCHOT: I love the Attorney General.

Yeah. I see Mr. Redmer back there also. That's good.

MR. CHURCHILL: Yes.

COMPTROLLER FRANCHOT: So, we're being asked to approve a new ten-year lease for office space for the Maryland Insurance Administration and I have a couple of concerns. One is that my, it's my understanding that back in August 2017, DGS issued an RFP seeking new office space for the MIA, which has been located at St. Paul Plaza since 2009. That was in August of 2017. In May of 2018, DGS informed Montgomery Park in the southwest part of Baltimore City that it was the recommended awardee for this contract award and during the negotiations with Montgomery Park, the department exercised its authority, cancelled the RFP, citing concerns by the Maryland Insurance Administration about a potential relocation to Montgomery Park.

It appears to us that the department acted legally in this decision, but there is a pending appeal filed by Montgomery Park with the Maryland State Board of Contract Appeals. And I think given the highly unusual move by DGS, it would be prudent as a matter of fairness and due process for the Board of Public Works to wait until MSBCA renders its decision on the appeal. Furthermore, I'm concerned by the optics of the transaction. To be blunt, I think it makes the State look bad after the department informs a bidder that they are being recommended for an award to pull out of the negotiations. And I understand MIA

and Mr. Redmer, obviously, had some concerns. But I would think that these concerns would have been identified before the RFP went out and would have and should have been factored into the deliberation process that led to the recommended contract award.

Furthermore, and this is most important, I'm told that the new ten-year lease doesn't have a termination for convenience clause, which appeared in the previous lease. This is quite rare and essentially handcuffs the State to this lease and to this location regardless of whatever circumstances might arise in the future. And I have to say, while I understand the unique circumstances here, and the delays that have occurred, I really don't appreciate reading about the strong-arm tactics being utilized by the current landlord, who I know personally and professionally. It's really not a good look when they tell the tenant, us, the State, hey, sign this new contract by this certain date or we're going to double the cost of the lease. Imagine doubling the cost of the lease in that area. God bless the Central Business District. I love Baltimore City. But doubling the rate in that area, given the vacancy numbers?

So I think this Board should only consider all the relevant facts and information regarding this contract and procurement, and I think we should wait for the decision from MSBCA. And I really resent the landlord seeking to put a lot of pressure on us by bringing this doubling the lease up.

I don't know who dropped the ball. I have no dog in this hunt as far as whether they stay in down in the whatever it is Center District, Business District, or whether they move out slightly to Montgomery Park. That's not the issue. The issue for me is just basic fairness. And so I don't really know what happened here, but we're being asked to sign off on something that's going to cost the State of Maryland \$16.8 million, ten-year lease, before we have had the chance to carefully review every aspect of the contract according to the Board of Appeals.

So Governor, I would move that the Board defer this item until MSBCA has issued its ruling. I understand it was heard last month, or early last month.

MS. NAPIER: It was October 23rd for the merits hearing.

COMPTROLLER FRANCHOT: October 23rd, well fine, you can write them and ask them to speed up their process. But awarding this in the face of a bid protest, given the circumstances, I mean, was there a competitive bid after you pulled it back from Montgomery Park?

MS. NAPIER: So when we withdrew, when we cancelled the RFP, COMAR allows us to negotiate directly with the existing landlord. So we were permitted to enter into negotiations with Cornblatt. So there was not a competitive re-solicitation.

I just wanted to clarify one thing, if I could. When we cancelled the RFP, we did that at Commissioner Redmer's request. However, three days after

we cancelled the RFP, we sat down with the DLLR Financial Regulation Group. They were actually part of that RFP, and they were included in that RFP based on legislation that was to be passed that would have transferred financial regulation from Labor to MIA. And three days later we met with that group to confirm, was legislation passed? Were they in fact required to be relocated? And we learned that day that they were not. And so that meant that 15,000 square feet would have been removed from the RFP. And that was a significant enough change, we would have had to cancel aside from Commissioner Redmer's letter. So I just wanted to share that. So it wasn't, this cancellation, while it was initially based on the Commissioner's letter, we learned within three days that there was another substantial change in the scope that --

COMPTROLLER FRANCHOT: Well why wouldn't you just have brought that to Montgomery Park's attention and asked them to make adjustments? They won the bid.

MS. NAPIER: We're actually not permitted to do that, because that's a significant change in the scope. So we would have had to cancel the RFP and if MIA wanted us to go back out, we would have had to issue a new RFP.

COMPTROLLER FRANCHOT: Yeah. What is the ten-year -- Montgomery Park has free parking, right?

MS. NAPIER: Yes.

COMPTROLLER FRANCHOT: And what are you planning on paying for parking over the next ten years at this site?

MS. NAPIER: The parking here at this site, we will be paying \$160 times 94 spaces. So we will be paying about \$1.8 million over the new ten-year term for parking.

COMPTROLLER FRANCHOT: Yeah. Okay. So there's a difference that the taxpayers can benefit from, I take it. What about the square foot cost for Montgomery Park versus where they are?

MS. NAPIER: You are correct. There is a difference between what we're paying with Cornblatt at 200 St. Paul. That's based on the Central Business District location, and then of course Montgomery Park is on the outskirts of the City and there is a difference.

COMPTROLLER FRANCHOT: But what are the costs?

MS. NAPIER: There is a difference in the two rental rates. It's roughly a \$6.65 difference.

COMPTROLLER FRANCHOT: So how much is that over a ten-year lease?

MS. NAPIER: That's about \$400,000 a year.

COMPTROLLER FRANCHOT: Okay. So that's \$4 million, plus \$1.8 million that the taxpayers could benefit from. And most of all, Montgomery Park could be viewed as being treated fairly in this, since they haven't done

anything wrong. They just happened to be awarded the contract, or told they were going to get it, and then somebody didn't sign something. But the optics are that they were picked. And most importantly, the taxpayers can save \$4 million plus \$1.8 million. So why not stay where you are at 200 whatever it is until you are able to move and sign a contract with Montgomery Park?

MS. NAPIER: We were asked by the agency to cancel the --

COMPTROLLER FRANCHOT: Okay, why? What did the agency say?

MS. NAPIER: Based on the Commissioner's letter, and I can --

COMPTROLLER FRANCHOT: Please.

MS. NAPIER: -- Mr. Redmer can come up and talk to those points.

GOVERNOR HOGAN: We probably should have Commissioner Redmer come up and talk about some of those points. But thank you.

MR. REDMER: Good afternoon.

GOVERNOR HOGAN: Good afternoon.

MR. REDMER: Good to see you. I'll let you ask questions but I do want to point out that it is zero taxpayer dollars involved. We were 100 percent funded by special funds through assessments to the folks --

COMPTROLLER FRANCHOT: Okay. So it's the insurance businesses that pay --

MR. REDMER: Correct. Yes.

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COMPTROLLER FRANCHOT: -- and would benefit. Apparently, in the background I got one of the reasons you want to stay where you are is because they don't want to pay more money. How can that be?

MR. REDMER: So the way --

COMPTROLLER FRANCHOT: They are going to be paying --

MR. REDMER: Sure. The way --

COMPTROLLER FRANCHOT: -- \$5.8 million more.

MR. REDMER: -- is what we heard was, so my understanding is, and I wasn't involved in the negotiations, the new lease at the current location is less than the current lease. So there is a savings. What we could never get a handle on, and it's important to talk about the timing. We awarded, DGS awarded the bid in 2018. A full year later, when I sent the letter requesting that the RFP be terminated, there was no contract. There was no finished lease. Not only was there no lease, I couldn't get a firm number on what our moving costs would be. So we didn't know what it would cost to move from our current location to Montgomery Park.

I sent the letter in April of 2019. In May, our lease expired. We had an automatic six-month rollover through November of 2019. My overriding concern through all of this was we could not be homeless. We could not physically move, plan and move 250 people in a six-month process. We just couldn't do it.

The financial piece that I heard from the carriers is this. We have a budget, and the budget is for the daily operations of the organization. The move from point A to point B is not part of our budget, so we would have had to do a special assessment. We would have had to send letters to the insurance companies telling them you have to send us new money so that we can pay for this move. Now if, and if there would have been a cost savings, the cost savings on the rent would have been five years, six years, whatever the number is down the road. Most businesses, insurance businesses, especially those that are public, they are not interested in paying a lump sum to us today with the hope and expectation that they are going to save on the cash flow four years, five years, six years down the road. They are interested in the next quarter, not how much they are going to save on the back end. That was the feedback that we got from some of the carriers that we regulate.

COMPTROLLER FRANCHOT: Okay. But for your customers --

MR. REDMER: Mm-hmm.

COMPTROLLER FRANCHOT: -- the insurance companies, moving to Montgomery Park with some kind of, I don't know what the problem is as far as finding out the moving costs --

MR. REDMER: Mm-hmm.

COMPTROLLER FRANCHOT: -- but why don't we just do that?

MR. REDMER: Why don't we do what?

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COMPTROLLER FRANCHOT: Why don't we do what we originally agreed we were going to do, which is --

MR. REDMER: So I can tell you that when the determination was made we were moving to Montgomery Park, we were moving to Montgomery Park. We began the planning process and meeting with consultants and all the things that you have to do to prepare a move. We were willingly going to Montgomery Park. But as the clock began to tick, as the calendar began to turn, in the beginning of 2019 I was growing more apprehensive about the conflict of not having a lease and not having a new place, not having a new lease for where we could go.

Additionally, the new information that came up was from the employees of the Maryland Insurance Administration. We were going to lose a significant part of our workforce. These are, and I know everybody here believes that their team is special. But we have a high percentage of folks that are lawyers and CPAs and financial examiners, etcetera. And we were told under no uncertain terms, if we move, they are moving. They are not going to come with us. And part of that is my fault.

I'm a business guy. I know that when you move, you're going to lose employees. I know that. Every organization is going to lose employees when they move, but I under estimated the significant number of folks that we were going to lose. And then lastly, I'll say one of the biggest issues for our employees was the loss of public transportation. Before we even moved, before the RFP process,

we did surveys for our employees. And a significant percentage of our employees rely on mass transit, on public transportation. And the end result is that the Montgomery Park location would not serve our employees to the extent as the current location, as it means to getting back and forth to work was a significant issue.

COMPTROLLER FRANCHOT: Okay. So you dropped that ball there. But I'm still confused as to what exactly, who, are you saying that Montgomery Park didn't communicate with you? Or didn't --

MR. REDMER: Well, I was not a part of the negotiations. So they weren't supposed to communicate to me. They were dealing with DGS. And obviously, we were communicating with DGS. And we did have a couple of meetings with the Montgomery Park folks, that's true.

COMPTROLLER FRANCHOT: Well, and what's the problem with letting the Board of Contract Appeals make the decision on this?

MR. REDMER: So I'm not a real estate guy. I'm trying to run an organization. And I can tell you that even though the employees have been told, you know, it looks like we're going to stay, there is still concern and apprehension. So as a leader of an organization, my objective is to try to provide some comfort and stability to the employees so that they know that we've got a home for the next ten years.

COMPTROLLER FRANCHOT: Okay. And just finally, you actually believe the current landlord is going to double the rent?

MR. REDMER: Again, that's above my pay grade. My understanding is, and again I'm not a real estate guy, but my understanding is this is not something that they made up. But it's part, and DGS would have to confirm this, but my understanding is it's part of the existing lease and not something new that was made up.

COMPTROLLER FRANCHOT: Well I'll let --

MR. REDMER: But again, that's above my pay grade.

COMPTROLLER FRANCHOT: Okay. Well my point is, I just think that out of basic fairness, also on the merits because who knows what the actual arguments before the Board of Contract Appeals. But on the merits, on the optics, on the concept of treating a business fairly, this kind of fails on all points. And --

MR. REDMER: Well --

COMPTROLLER FRANCHOT: -- I hope that my colleagues would support me and, you know, put this off until we at least hear from the Board of Appeals. If they are dragging their feet for some reason, I'm happy to revisit it in a couple of weeks or a month or so. But right now, I just don't think it feels right. You know, we want Maryland to be a State where if you get an award, unless there is something you are doing that's bad, it's followed through on. And instead,

this, you know, I've gotten texts from all sorts of important people in Baltimore saying business, this business, this State agency has to stay in the Central Business District.

GOVERNOR HOGAN: I --

COMPTROLLER FRANCHOT: Is that the reason why --

MR. REDMER: Well, no. I can tell you --

COMPTROLLER FRANCHOT: -- we're pulling the contract?

MR. REDMER: -- I can tell you, as I previously mentioned, we were prepared to move. We had the operational piece in gear to move. Again, meeting with consultants and so on. But a full year, a full year goes by, there's no lease, I don't know what it's going to cost --

COMPTROLLER FRANCHOT: Yeah, but is that our fault? Or is that -- is that ball being dropped by the State or is that --

MR. REDMER: I don't --

COMPTROLLER FRANCHOT: -- being dropped by Montgomery Park?

MR. REDMER: I was not part of the negotiations --

COMPTROLLER FRANCHOT: Well who --

MR. CHURCHILL: Can I, let me, can I speak up?

GOVERNOR HOGAN: Well we've got a couple of people --

MR. CHURCHILL: Yes.

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GOVERNOR HOGAN: -- yes, we have a couple of people here signed up to --

COMPTROLLER FRANCHOT: Oh, good. Great.

GOVERNOR HOGAN: -- speak on behalf of Montgomery Park. So we have Michael Johansen from Rifkin who is --

MR. CHURCHILL: Governor?

GOVERNOR HOGAN: -- here. And Howard Goldberg from Montgomery Park.

MR. JOHANSEN: I defer to Mr. Goldberg. Thank you.

MR. GOLDBERG: Members of the Board, I'm going to start with the claimed urgency in having this matter come to the Board today prior to a decision by the MSBCA, which is the entity with whom the State has reposed the decision making process on the protest which we have filed. And they've come to you to approve a sole source procurement for an incumbent landlord in the light of a competitive solicitation in which there was an award to my client, a situation where the State is going to pay some \$8.6 million in excess of what it has to pay, seven times the amount of the claimed savings. And I'm always in favor of State savings. But going to Montgomery Park would multiply that by seven. In which there is a \$15.8 million savings in the event that the extension is later approved.

Now the original reason for bringing this matter on a rush basis to this Board is in light of the pending appeals, and I'll quote, the agency said, "under

the terms of the existing lease, MIA is required to pay double rent after the expiration of the holdover period. While Cornblatt has not invoked this provision to date, it will charge MIA double rent if a new lease is not fully executed and approved by January 8th.” That’s what the representation was to this Board.

The original version of that representation that was filed with the Board had the following words after the phrase “under the terms of the existing lease.” And the original statement said, “site lease provision.” That reference has been subsequently removed, the site lease provision. And I may suggest to the Board that my colleagues and my client have searched the existing lease provisions of the lease and there is no provision by which the landlord can double the rent. In fact, there is a lease provision in Section 9.2 of the existing lease which says that the continued occupancy of the tenant shall not render the lessee liable for double rent.

Now we have asked on at least two occasions over the last two days counsel for the agency to explain to us where this lease provision is that requires double rent. We have gotten no response. I would suggest you may wish to ask DGS, where in the lease is this provision? I suggest that it doesn’t exist.

The second thing the original version of this matter to the Board raised related to a letter from Cornblatt which was supposedly attached hereto. We have just received within the last day a copy of that letter. The letter basically says on a unilateral basis that it is the landlord’s intention to charge double rent. There

is no lease provision referenced in the letter. In fact, it has not even been agreed to by DGS, who doesn't have the legal authority to agree to it because it involves the expenditure of State funds. This Board has not approved a double rent provision. And so, the concept that the State is obligated to pay double rent, I find, we find is not in the existing lease and we find it references to a letter which is a unilateral statement by a landlord that he needs to have this pushed through this Board immediately, even though there are pending appeals to the Board of Public Works.

I suggest to the panel, or the Board, that there are two matters before the Board. And frankly, I don't think this Board wants to get involved with the decision making process that the MSBCA is going through. Because -- and I appreciate Secretary Redmer making the statements he did. But these were all dealt with at the hearing before the Board of Contract Appeals. The question that the Board will have to answer is, was the decision to cancel the award to Montgomery Park supported by a rational basis, and was it arbitrary and capricious? And the same issues were raised by the agency before the Board. We made a presentation before the Board. The Board has held it Sub Curia, has not made a decision. But that's where people like Montgomery Park are supposed to go for a decision, not to make the Board of Public Works the decision maker, but make the MSBCA the decision maker.

The second appeal related to the acknowledged failure on the part of the agency in renewing the St. Paul lease to have a written explanation for why

it is in the State's best interest. We suggest it's not in the State's best interest and they acknowledge there is no written representation or document which complies with COMAR. Again, cross motions for summary judgment were filed before the Board. The Board held the matter Sub Curia. We are awaiting a response from the Board.

The next meeting of this Board is January 29th of 2020. The lease date of the proposed lease is not even until February 1st. So you would have three additional weeks to allow the Board to do its job, make its decision, and if depending on the decision made by the Board, then this Board can consider the matter in the normal course without it being rushed through.

I might also point out that essentially this push to judgment today involves a lease which has no termination for convenience provision, a provision which locks the State into this lease for the entire term, which is contrary to the normal provisions that are in State leases. But we took a look at the other State leases that have been, we're arguing to be discussed or have been discussed. Every one but this one has a termination for convenience provision. It is a normal provision which protects the State from things which may occur down the road. And this lease does not have one.

Finally, the other explanation relates to the landlord's trying to get a loan. And the only public record we found indicates that there is no urgency in the sense that the loan on the property is now existing for at least another year

before it has to be refinanced. We don't understand that, but that's the landlord's headache. That's not the State's headache. That doesn't say it's in the best interest of the State.

So what we essentially have is we have a competitive solicitation. The Insurance Commissioner and DGS together made the decision as to the award of the competitive solicitation. It was to Montgomery Park. Montgomery Park's price is still substantially less than the pending proposal. And we believe that it is unfair to Montgomery Park to pull that, again, and we've raised those subjects before the Maryland State Board of Contract Appeals, who ought to opine on it.

As far as some of the issues that have been raised before, in April this award was pulled. It is now January. The move could have occurred between April and January. The move can occur, frankly, within ten days of today, if Montgomery Park were the entity which would get this lease because there is space that we can put the State in. That's not part of the solicitation because it wasn't raised at the time. There was no issue at that time. Montgomery Park was ready to sign a lease months before the April date. It was deferred because the State wanted to hold back or the agency wanted to hold back until the Legislature was out of session. So that's what held up the lease to Montgomery Park. We thought, Montgomery Park thought this lease was a done deal. It had been negotiated. It had not obviously been presented to this Board. But the surprise that they had when one day called them up and saying that you're terminated, and the next day a letter,

or within a very short time a letter of intent with the existing lessor occurs, we just think is inappropriate in view of the State procurement law.

We have done what we were supposed to do. We raised these issues before the Maryland State Board of Contract Appeals. That is the entity that hears these types of issues. If you all want, we can give you a several hour presentation of our side of the story. I don't think you want to hear it, but we're happy to do it if you do. But that's who is hearing, who heard the evidence, who heard the witnesses, who can evaluate the evidence, and can render a decision. Thank you.

GOVERNOR HOGAN: Thank you. I don't know if, do you want to respond to that? There have been a lot of -- we have a little issue today in that the, unfortunately we had a tragic situation after the earlier part of our hearing where I believe the Assistant Attorney General who represents DGS had a medical emergency and was --

MR. CHURCHILL: He was carried out.

GOVERNOR HOGAN: -- he was taken away in an ambulance.

MR. GOLDBERG: I'm sorry to hear that.

GOVERNOR HOGAN: So he's not able to answer your questions today. But maybe someone else can address, because we are hearing completely different information.

MR. CHURCHILL: Yes.

GOVERNOR HOGAN: We've been told by DGS that there is a provision that says the rent will be doubled, and we're hearing from you that there won't be. We're hearing from Mr. Redmer that he had nothing to do with this and it was taking you a year to get the lease done, and you were saying you're ready to go. So I'd love to hear from the other side what their version of the facts is. But thank you very much for your side.

MR. CHURCHILL: So there were three issues that have been brought up. One is the standing with the Board of Contract Appeals. We do have Patrick Sheridan with the AG's Office. You had asked the question have we contacted them. They can speak to that.

GOVERNOR HOGAN: Got you.

MR. CHURCHILL: And then we will address the other two items.

GOVERNOR HOGAN: And the gentleman who had an issue, is he okay?

MR. CHURCHILL: He's okay. Well, we're waiting on word back. He was responsive when he left the building.

MR. SHERIDAN: Good afternoon.

GOVERNOR HOGAN: Good afternoon.

MR. SHERIDAN: Patrick Sheridan, Assistant Attorney General. I litigated the case in front --

GOVERNOR HOGAN: Okay. Thank you.

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MR. SHERIDAN: -- of the Board of Contract Appeals.

GOVERNOR HOGAN: Okay. So can you maybe give your version of events? We're trying to make a decision what we do here, and we heard one side, and I assume you have a different version of it.

MR. SHERIDAN: So I can speak to --

GOVERNOR HOGAN: Without re-litigating the whole case --

MR. SHERIDAN: Right.

GOVERNOR HOGAN: -- that you did before the Board of Contract Appeals.

MR. SHERIDAN: Right. Just to discuss the timing a little bit, we did have a hearing October 23rd, a merits hearing in front of the Board. It was a one-day hearing. We had had numerous hearings before that, so the Board I think was familiar with the facts of this case. After the hearing, and really throughout the entire process, we let the Board know that time was of the essence because we were in that holdover period. So, and at the conclusion of the hearing, we ordered expedited transcripts. We agreed to an accelerated briefing schedule. So, everybody understood. We didn't want to kind of circumvent that process at all. That was never the intent. The intent was to have this heard before the Board and not ask for an award in the face of a protest. So, just from the timing issue.

GOVERNOR HOGAN: And what was the timing of that last hearing?

MR. SHERIDAN: October 23rd.

GOVERNOR HOGAN: So maybe they didn't understand the meaning of time is of the essence?

(Laughter.)

MR. SHERIDAN: And then we had a hearing in mid-December on the second appeal, and I asked the Board as gently as I could when we could expect a decision. And they declined to give any sort of time frame for a decision on the appeal.

COMPTROLLER FRANCHOT: Okay. So I can understand that. But what about this new lease that we're being asked to approve? It doesn't have a termination --

MR. SHERIDAN: That's --

COMPTROLLER FRANCHOT: -- for convenience?

MR. SHERIDAN: That is not in, that's --

GOVERNOR HOGAN: That's not in his purview, I don't think.

MR. SHERIDAN: Right. I litigated the -- sorry.

COMPTROLLER FRANCHOT: Yeah, but I mean, really.

MR. CHURCHILL: Our Assistant Secretary Wendy Scott Napier can answer the question about the termination.

MS. NAPIER: So you are correct. There are, none of the leases on our normal leasing agenda today, you're right, we have not waived T for C in the

leases you've seen today. But it is not entirely uncommon. When we're, when we go into a new facility and there's a lot of fit up, we have a termination for convenience. If a landlord has given significant contributions to us in some form, we do consider waiving the termination for convenience. Or if there is a problem with a landlord's lender, if they cannot get financing, we do modify our termination for convenience. I will add that the lease we, the lease draft we had worked on with Montgomery Park had a modified termination for convenience such that we could not have left the facility for seven years. So they had a modified termination for convenience.

The Cornblatt lease did waive the termination for convenience for several reasons. One of the considerations was an accommodation they were giving employees in the form of reduced parking. They reduced the parking from \$170 to \$50 for the employees. And that, over the course of a ten-year term, amounted to \$3.6 million. So that consideration and consideration of some issues they were having with their lender and financing that they can speak to, we did waive the termination for convenience.

COMPTROLLER FRANCHOT: Yeah. Okay. But that's their problem, number one. And number two, I hope you never get rid of the protection for the taxpayers in these termination for convenience. I guess in a highly unusual circumstance you can, but this adds to the bad feel of this project. Because you

know, it just strikes me as something that doesn't seem quite right. I'd much rather wait for the Board of Appeals to render a decision.

GOVERNOR HOGAN: I want to try to just separate out this, the lease negotiations that you're dealing with, DGS, from this discussion with the appeal of the bid process. So why don't we go back to you at the AG's Office and the discussion about, we heard earlier the comment that, look, there's no question that this thing has been sort of not --

COMPTROLLER FRANCHOT: Messed up.

GOVERNOR HOGAN: -- it's completely screwed up. And we could sit here and argue for days about who is to blame and how we could do things better. There's no question it wasn't handled very well. But legally, because I'm not a lawyer, and you guys have been arguing this case, and we heard what the representatives of Montgomery Park believe their legal case is. I want to hear your side of it. I mean, we heard, do you believe the State had a right to cancel the procurement and start over? Because I'm assuming we didn't have any lease. I don't know why it took a year. But we didn't have a lease yet. Is that your --

MR. SHERIDAN: Yeah. So and we have a disagreement over what the standard is for the Board of Contract Appeals. The case law says I think very clearly that the standard is was the decision to cancel the lease so arbitrary and capricious as to be fraudulent or to be a breach of trust? And we had a one-day

merits hearing on that issue. And there is no evidence at all suggesting that this was some --

GOVERNOR HOGAN: Yeah, I don't believe anybody thinks it was fraudulent.

MR. SHERIDAN: -- or a breach of trust.

GOVERNOR HOGAN: Incompetent maybe, but --

MR. SHERIDAN: Right. And whenever, I think whenever there is a cancellation of an RFP, something went wrong --

GOVERNOR HOGAN: Yeah.

MR. SHERIDAN: -- at some point. So, this is, nobody wants to be in this position.

GOVERNOR HOGAN: Right.

MR. SHERIDAN: But there was nothing nefarious or fraudulent or anything that breached the public trust here. It was done based on concerns that the agency had and concerns that the insurance industry had. And DGS reviewed those concerns and determined that they were legitimate and determined that it was in the best interest of the State to cancel the procurement.

GOVERNOR HOGAN: And if both of you went through this extensive process with the Board of Contract Appeals back in October, and both agree that time is of the essence because I would assume Montgomery Park wants to get it resolved just as badly as the other folks, both sides do as does the State,

you know, they just haven't given you any response at all? Because we ought to drag the Board of Contract Appeals in here and ask them, you know, why don't they give us an answer.

MR. SHERIDAN: All I can tell you is that I did, I did ask. I asked in mid-December and they didn't give me any time frame. And I'm not trying to throw anybody under the bus, I'm just --

GOVERNOR HOGAN: No, that's okay. They've already been thrown under.

(Laughter.)

COMPTROLLER FRANCHOT: But don't they --

GOVERNOR HOGAN: They probably watch this --

COMPTROLLER FRANCHOT: Didn't you have a, I think they had a, didn't you have a hearing at the end of December before the Board?

MR. SHERIDAN: Yeah, there was a, on the second appeal on cross motions for a summary decision. So there were three protests. The second protest looks a lot like the third protest, but the second protest wasn't appealed. The third protest was appealed.

COMPTROLLER FRANCHOT: Here's the problem, you know, you're misplaced in this role because you are the lawyer and you're saying is it legal, is it not. Is it fair? No. It isn't. I mean, it's obvious it isn't. Who knows what produced an unfair situation, a mess, who dropped the ball, who did what to

whom. But the only way to clear it up is to at least wait for the Board of Appeals to make a decision. And I really feel pretty strongly about this. And I want to thank Montgomery Park for continuing. Most people would have dropped out of this because of the cost, and etcetera. But obviously they feel strongly that they have been treated unfairly and it certainly seems to be the case. Highly irregular is stamped all over this thing.

GOVERNOR HOGAN: So can somebody from DGS address the question of does the existing lease have a provision for once you go past the extension period, the doubling of the rent or not?

MS. NAPIER: It's actually because we are out of lease that they can double the rent.

GOVERNOR HOGAN: But is that --

MS. NAPIER: We have --

GOVERNOR HOGAN: Is that in writing somewhere? Or they just

--

MS. NAPIER: It's not in writing --

GOVERNOR HOGAN: -- arbitrarily just told you since we're out of the lease we're going to double the rent?

MS. NAPIER: The lease says they cannot double the rent during the holdover period.

GOVERNOR HOGAN: But you're not in the holdover period.

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MS. NAPIER: We've exhausted our formal holdover. We're in what we call extended holdover. But we're basically on a month-to-month lease right now. We've exhausted our lease and --

GOVERNOR HOGAN: So there's nothing written anywhere that says the rent will double. It's just a threat.

MS. NAPIER: I'd like to invite the landlord to talk about that.

GOVERNOR HOGAN: Yeah, let's hear from the representatives of the current landlord.

MR. CHURCHILL: Tim Polanowski, Vice President and CEO, Cornblatt.

GOVERNOR HOGAN: Good afternoon.

MR. COLLINS: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. I'm Carville Collins. I'm representing the Cornblatt Company, which manages and operates the building for the lessor, which is St. Paul Plaza. I have with me today Tim Polanowski, the President and CEO of Cornblatt.

Let me start with this. We would have strongly preferred not to seek this approval from the Board of Public Works while the three protest appeals remain pending before the Board of Contract Appeals. We would also have preferred not to impose double rent on the State, which we could have done as early as November of 2019 under the lease. But nevertheless, we would have preferred not to do that.

We are here today asking for your approval because we find ourselves in an untenable position.

The Comptroller talked about fairness and our view is it's not fair to us, either. The delay in the Board of Contract Appeals' decision has created a difficult situation for us. We are compelled by our refinancing of the building, which we must do in order to maintain financial control of the building. That refinancing is materially and adversely affected by any further delay. Let me explain why.

Specifically, we are now at the final deadline that we have been given by our current lender. The deadline has been given to us in writing and DGS has received a copy of that. It was 90 days from October 10th. If we pass today's deadline, January 8th, we don't know yet exactly what will happen but we know it will be consequential to us. How did we get here?

There's been discussion about the delays, the various periods, the holdovers, the additional holdovers, and now an extended holdover. The current lease's holdover was extended again to allow for extension up through these first eight days of January 8th, to January 8th. And that exhausts the 90 days. January 8th is literally the 90th day.

Our situation is this: for more than two years we've been unable to obtain an approved lease with MIA. For more than a year, in anticipation of that lease, we've been unable to bring in another tenant, line up any other tenant to fill

68,000 square feet. And most importantly, most importantly, if we do not have a long term lease in place by the 90th day, January 8th, and with all other time extensions and allowances now having been exhausted, we are in violation of the covenants of our loan that we must refinance in order to maintain financial control of the building.

With regard to the legal process, let me just suggest this. The parties have participated fully in this evidentiary process before the Board of Contract Appeals. There has been discovery. There have been evidentiary hearings on the merits before the Board to consider the appeals and the proceedings go all the way back to May of 2019. The reality, for whatever reason, is that we have no ruling from the Board of Contract Appeals. But all good faith has existed during the entirety of the Board of Contract Appeals' proceedings. COMAR makes an exception that the Board, this Board, may proceed in the face of an appeal if there is a substantial State interest. And those State interests explained by the Department of General Services and its comments to you, together with our financial circumstances, allow for the Board to make an exception and act.

Now a couple of things have been stated here today that I wanted to just set the record straight by counsel and representatives from Montgomery Park. Contrary to what was asserted here today by them, there is a termination for convenience clause in the new lease that is before you today. Ms. Napier Scott explained it precisely correctly. They had asked us to produce a different form of

that clause. We agreed. It's in the lease. We're happy to provide that to the Board. We'll pinpoint that for you. Contrary to the assertions here today, the \$4 million of alleged savings in rent, they are illusory. In fact, the new lease before you today would impose a lower overall rent than the rent at Montgomery Park. What Montgomery Park has failed to tell you and this Board is that the MIA, if it were to move to Montgomery Park, will require 50 percent more space than at St. Paul Plaza. The rent at Montgomery Park will be \$500,000 greater over the ten years if they are to move.

Counsel for Montgomery Park contends the double rent provision is not in the lease. He missed it. It's in the new lease. And we are happy to identify the language for the Board.

Lastly, the costs of the relocation and the cost of relocating the information technology platform. Montgomery Park failed to mention that to this Board at all and I've asked, let me ask, if I may, Mr. Polanowski to just address those costs, which are also material and I think relevant to your decision. Thank you.

GOVERNOR HOGAN: Thank you, Mr. Collins.

MR. POLANOWSKI: For the record, my name is Tim Polanowski.

I'm the President and CEO of the Cornblatt Company. Good afternoon --

GOVERNOR HOGAN: Thank you.

MR. POLANOWSKI: -- Madam Treasurer, Governor, and Comptroller. So part of the argument is the cost to relocate. And based on our experience and numbers that I gave to each of your teams, that it would be much more expensive to move them than they anticipated in the very beginning. They would have to get new work stations, 244 new work stations at \$2,000 apiece, 93 new offices for \$1,000 apiece. The IT room, they have a very complex IT room. That's about \$1.6 million to move that. It's not just pick up, put it in a U-Haul truck, and go down the street. It's a lot more complicated. Everything has to be tagged and it has to be detailed and they have to move it over in a certain way. That's based on the numbers of when they moved it over to our building in 2009.

So the total relocation costs are about \$2.3 million. And like I said, I was very open with those numbers in the beginning. I was hoping that your teams could vet them so I wouldn't just be throwing numbers out that's not vetted. So --

GOVERNOR HOGAN: Thank you very much.

MR. POLANOWSKI: Thank you.

GOVERNOR HOGAN: Do you have any questions of any of these gentlemen? Do you want to pull this out?

COMPTROLLER FRANCHOT: I feel pretty strongly. I would really like to hold off for a couple of weeks at least, three weeks, and see if the Board --

GOVERNOR HOGAN: Oh yeah, please go.

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MR. JOHANSEN: Your Agenda item says there's no termination for convenience clause. That's what your Agenda item says.

COMPTROLLER FRANCHOT: Correct.

MR. JOHANSEN: That's what your Agenda item says.

COMPTROLLER FRANCHOT: Correct.

MR. JOHANSEN: Your Agenda item says double rent is required under the existing lease. Both things they just said are different than your Agenda item. That's what they are asking you to vote on. The substantial State interest is now being referred to as the landlord's financial problem. If it's not the double State lease then there's no cost to the State. If this is decided three weeks from now, even if they are right that they can try and collect \$140,000 from you, you send your lawyers to fight it. There is no substantial State interest in at most a risk of \$140,000.

MS. NAPIER: So what the Board item says is under the terms of the existing lease MIA is required to pay double rent after the expiration of the holdover period. It is not written in the lease, but it's because we are out of the holdover period.

COMPTROLLER FRANCHOT: But that's a misstatement.

MS. NAPIER: They are permitted to do that.

COMPTROLLER FRANCHOT: Well –

MR. JOHANSEN: (Indiscernible).

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SECRETARY GONTRUM: Mr. Johansen, please, refrain from speaking if you're not at the --

MR. JOHANSEN: Yes, I'm sorry.

MS. NAPIER: We do believe it is, not just for MIA's benefit, but because our Attorney General is housed in this building. We are concerned, I am concerned about our landlord losing potential financial control of the building with two large State agencies still in the building.

GOVERNOR HOGAN: Can you speak up and say that again?

MS. NAPIER: Our Attorney General is in the office in this building, in addition to MIA. And we are concerned about our two large agencies being in a building where the landlord has lost financial control. We would be concerned that services could be reduced, that our State employees would not be in a safe building constructive to their agencies' missions.

GOVERNOR HOGAN: Right. Okay. Any other questions?

COMPTROLLER FRANCHOT: I would move that we defer this to the 29th, or whatever.

TREASURER KOPP: Yeah. Could we hear specifically again from the representative of the present corporation as opposed to the other corporation, the present --

GOVERNOR HOGAN: The present landlord.

TREASURER KOPP: -- landlord, well, Cornblatt versus --

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GOVERNOR HOGAN: Yeah.

TREASURER KOPP: -- Himmelrich, of the impact of a three-week, although we don't know if the Board of Contract Appeals is ever going to act. But the impact of a three-week delay, since apparently you are not required to double the rent.

MR. COLLINS: Yes, thank you, Madam Treasurer. If we pass today's deadline, we indeed do not know exactly what our financial institution will do. We expect, though, since we've had it in writing and we've had it for 90 days, and this is the 90th day, in all candor we expect it may be consequential to us. It may be on the rates. It may be on the terms. It may be on the conditions. It may be on the availability of refinancing. We simply don't know. And it would be pure speculation on my part to suggest a particular scenario.

This is not the first extension that the bank has granted. The bank has granted a number of them, starting back in May when the lease first expired, then at the end of the six-month holdover period in November, and so forth. So there are, we are on our third extension from the bank. This was the one they put in writing. This is the one that said 90 days. And by our count -- that letter is dated, by the way, October 10th. So by our count, today is the 90th day.

The, it is the bank itself that is requiring us to impose the double rent. We would not intentionally, and that's never been, I think the Department of General Services, with whom we have dealt for ten years on this lease previously,

they know us better than to think that we would knowingly and intentionally do something like that. This is being compelled by our financial institution.

GOVERNOR HOGAN: Okay. Thank you. Look, I think that this is probably the worst way to handle a procurement and a lease negotiation that I've ever seen since I've been Governor. I think people screwed up all over this entire process. I don't think anybody was treated fairly, quite frankly, and I don't think anybody did their job as best they could have been done. The folks that were hoping to get the bid and that we never did get to a lease, I think, you know, you guys, you know, I don't think you've been treated the way you should have been. I do think it puts the State at great risk to be homeless or to be in a situation where we can't afford to make the move to start all over again with this process and to put a company like Cornblatt, who has been a good landlord to us and is an important company in the State, at financial risk of potentially losing control of the building and us being subject to potential litigation because we might be the cause of that. I mean, obviously we can all disagree about it. I'm not condoning, I'm not saying this was the greatest thing that ever happened. But I'm going to make a motion to pull this one item out of the 83 other items, and I would move that we approve the item.

COMPTROLLER FRANCHOT: I just would find that to be very disappointing. This is a really unfair situation that we, the State, have created. I'm very sensitive to Cornblatt's situation, but that's their problem. Our problem is the

reputation of the State of Maryland. And this is just, it does not pass any, any test of fairness that you could possibly create. And I don't see the difficulty in waiting three weeks. Those are my glasses.

(Laughter.)

GOVERNOR HOGAN: Oh, these on my head.

(Laughter.)

GOVERNOR HOGAN: That's so funny. They were sitting here and I stole them. I put your glasses on my head.

COMPTROLLER FRANCHOT: But seriously --

GOVERNOR HOGAN: I was doing that so he couldn't read his notes.

(Laughter.)

COMPTROLLER FRANCHOT: I would hope that we could wait three weeks. And I'm sure that the financial institutions and other folks that have long relationships with the companies, and they obviously, maybe the financial institutions have relationships with the State of Maryland, they are not going to create a situation which is chaotic. So what's the problem with waiting three weeks?

TREASURER KOPP: Governor, I find myself in a strange position. It's not that I'm pitying the downtrodden landlord. I've never done that. But --

GOVERNOR HOGAN: There are two downtrodden landlords here.

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(Laughter.)

TREASURER KOPP: But I do think that this was a terribly handled project by everybody. By DGS, by the Board of Contract Appeals. This has been going on for a year. Nothing is new. Apparently, you would have had to redo the bid anyhow when you found out that DLLR wasn't going to be part of this. It's been discussed before the Board since April. And I don't think that there's any reason to think that it's going to change or the Board is going to act in three weeks. They ought to have acted earlier.

I think that the people who pay the freight, not the taxpayers but the people who are paying, have indicated they would like to continue to pay to be in Downtown Baltimore where they are. The employees have indicated they want to stay in Downtown Baltimore. Clearly, there wasn't a good working relationship between MIA, the user agency, and DGS, or we wouldn't have to be here right now. But considering all those things, I think it is in the interest of the State at this time, as we have done in the past, to approve the contract in the light of, despite it being pending for God knows how long before the Board of Contract Appeals.

COMPTROLLER FRANCHOT: Okay. Let me ask my colleagues. Would you accept an amendment that would get rid of this no termination for convenience part? Why shouldn't the State be protected given the situation?

GOVERNOR HOGAN: The other lawyer said that we do have a --

MS. NAPIER: We've not lost our other termination provision.

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COMPTROLLER FRANCHOT: Excuse me?

MS. NAPIER: We have other termination provisions in the lease.

TREASURER KOPP: Can you terminate in, after seven years with this one?

MS. NAPIER: With this one, we can terminate if the landlord is in default of the lease. We've not lost that provision. What we cannot do is terminate at our convenience. But we've heard, when we have an agency telling us we know we want to stay for ten years and we do not foresee wanting to leave before the term is up, and we have a landlord who is giving us contribution towards employee parking to the tune of \$3.6 million, those were the reasons that --

TREASURER KOPP: And you can't exercise the termination --

MS. NAPIER: For convenience.

TREASURER KOPP: -- with the other, for convenience, with the other building for seven years?

MS. NAPIER: You are correct. Yes.

GOVERNOR HOGAN: So there is a motion on the floor.

TREASURER KOPP: I second.

GOVERNOR HOGAN: And a second. It's two-nothing, I assume?

COMPTROLLER FRANCHOT: Two-one.

GOVERNOR HOGAN: Two-one.

TREASURER KOPP: Two-one.

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GOVERNOR HOGAN: I forgot about you there. So --

(Laughter.)

SECRETARY GONTRUM: I'm so sorry. Just for clarity's sake.

The motion that was seconded, was that the Comptroller's amendment to --

TREASURER KOPP: No.

GOVERNOR HOGAN: No.

TREASURER KOPP: No. It was the Governor's motion.

SECRETARY GONTRUM: That failed for lack of a second --

GOVERNOR HOGAN: The Comptroller's motion was not --

SECRETARY GONTRUM: -- was not seconded --

GOVERNOR HOGAN: -- my motion was seconded --

SECRETARY GONTRUM: -- motion that was seconded was the Governor's motion to approve the item, with Mr. Comptroller voting no. Thank you.

COMPTROLLER FRANCHOT: Correct.

GOVERNOR HOGAN: Yeah. Thank you all very much. Now we move on to the other 82 items on the DGS Agenda.

MR. CHURCHILL: And I'll just conclude by saying this has been a case study --

GOVERNOR HOGAN: What not to do.

MR. CHURCHILL: -- what not to do. And we and the department have certainly learned from it and are applying the lessons so that it's not repeated. So.

GOVERNOR HOGAN: Yeah. Thank you. Are there other questions on the DGS Agenda?

COMPTROLLER FRANCHOT: No. Move approval.

GOVERNOR HOGAN: Second? There's a second. Thank you very much. That concludes the Board of Public Works. Let me just say it was a very long and great Agenda. Thank you for the great -- today we had a really big - - I got one motion that I got done with the Treasurer, and one with the Comptroller. Yeah.

SECRETARY GONTRUM: Can we have quiet while the meeting wraps up, please.

COMPTROLLER FRANCHOT: Yeah, you're surrounded on both sides.

TREASURER KOPP: And Happy New Year.

(Whereupon, at 2:20 p.m., the meeting was concluded.)