
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
ANNAPOLIS, MARYLAND

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PRESENT

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Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

GOVERNOR HOGAN: I want to begin this morning with an update on our continuing state of emergency and on our State's continued fight against the COVID-19 pandemic.

While we are unfortunately seeing rising numbers in states across the nation, here in Maryland every one of our important metrics continues to trend in a positive direction. Our statewide positivity rate is down to 4.72 percent, which is more than an 82 percent decrease since our peak 76 days ago. We've now conducted more than 660,000 tests statewide and have tested more than nine percent of the State's population. Just as importantly, COVID hospitalizations and ICU beds continue to decline and plateau.

Now, while all of this is encouraging, I want to continue to caution the people of Maryland, particularly as we head into this holiday weekend, that the crisis is still not behind us. And the Fourth of July celebrates the power of a small group of people banding together in the face of incredible challenges to overcome a common enemy for the common good. And now as a nation, we're called to come together to meet another challenge of another generation.

Just yesterday, 47,000 new cases of COVID-19 were announced in states across America, the most of any day since this pandemic began. Officials

in eight states announced single day record highs in infections, and the number of new cases in America has spiked by 80 percent in just the past two weeks.

In Maryland, rather than seeing record highs, we are continuing to experience record lows in the critical metrics. But we cannot afford to stop being vigilant and cautious. So before we begin this holiday weekend, I want to again stress that the coronavirus is beginning to spread rapidly among young people, many of whom are asymptomatic but who could still infect their parents, grandparents, and others who are more vulnerable.

In Maryland, restaurants and bars are open only for seated service at 50 percent capacity with --

SECRETARY GONTRUM: Governor, I sincerely apologize for interrupting you, sir. I am getting a message that the audio is not coming through the livestream. We're working with O.B. in your shop to get it fixed. I apologize, sir. We will --

COMPTROLLER FRANCHOT: Tell Secretary Leahy he may be putting in a job application somewhere.

GOVERNOR HOGAN: Yeah.

COMPTROLLER FRANCHOT: Larry, thank you for everything. I'm going to comment about if we had someone like you, Democrat or Republican, in the White House, we would not be facing all of this tragic stuff all over the country. And I just want to personally thank you. I'm not sure I would

have had the mettle, so to speak, to stick to the health restrictions that you have championed. And it's going to pay.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: I am very grateful.

GOVERNOR HOGAN: It's still not working, I guess?

COMPTROLLER FRANCHOT: I'm happy to hire him if he suddenly is unable to hook up the audio.

TREASURER KOPP: I would --

COMPTROLLER FRANCHOT: I guess we can start over again?

GOVERNOR HOGAN: It didn't, it didn't go, none of it was live, right?

VOICE: It was apparently just the stream.

GOVERNOR HOGAN: Yeah, the stream didn't work? So just tell us when we're going to --

SECRETARY GONTRUM: Yes, sir, we will. Yes, that's fine. It appears that the -- okay, so the livestream is down. So we'll agree to start again, if that's okay, Governor. I'm not sure what issue happened with Osvaldo.

TREASURER KOPP: Uh oh, we can't hear him now.

GOVERNOR HOGAN: Yeah, we're not able to have a Public Works hearing without the public, without the livestream. So we'll have to just wait until it gets fixed.

TREASURER KOPP: I was going to say, to pile on what Peter said, thank you for the National Governors Association, too, pushing, pushing the Senate, I hope. It's really --

GOVERNOR HOGAN: Well, thank you. We, on Monday I was, I spoke with the Vice President and the members of the cabinet along with all the nation's governors, again pushing. We sent out a letter to the leaders in the Senate, both sides of the aisle, on Monday. It was signed by all the Big Seven, and by many of the labor unions and business organizations across America, all pushing to try to get this help that we so desperately need, which we'll talk about later and if we get our livestream working. And I'm hopeful that we can get some help. But probably not until later in towards the second or third week in July, maybe. And we don't know the magnitude of how much or exactly how --

TREASURER KOPP: Well, they are recessing, aren't they? For --

GOVERNOR HOGAN: Yeah.

TREASURER KOPP: -- they've got to --

GOVERNOR HOGAN: For, yeah, the Fourth of July. They can't leave before, they can't leave for August recess without getting this done. That was one of the points we made.

SECRETARY GONTRUM: Governor, I've been told that we are good to resume.

GOVERNOR HOGAN: Great. Well, good morning, everyone. I want to say hi to my colleagues, and it's good to be with you this morning. I want to welcome all of you as we begin the Board of Public Works this morning. And I want to start with an update on our continuing state of emergency and on our State's continued fight against the COVID-19 pandemic.

While unfortunately we're seeing rising numbers in states across the nation, here in Maryland every one of our important metrics continues to trend in a positive direction. Our State positivity rate is down to 4.72 percent, which is more than an 82 percent decrease since its peak 76 days ago. We have now conducted more than 660,000 tests statewide, which is more than nine percent of the State's population. Just as importantly, COVID hospitalizations and ICU beds continue to decline and plateau.

And while all of this news and all of these numbers, it's encouraging, I still want to continue to caution the people of Maryland, particularly as we head into this Fourth of July holiday weekend, that this crisis is not behind us. And the Fourth of July celebrates the power of a small group of people banding together in the face of incredible challenges to overcome a common enemy for the common good. And now, as a nation, we are called to come together to meet another challenge of another generation.

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And officials in eight states announced single day record highs in infections. The number of new cases across America has spiked by 80 percent in just the last two weeks.

In Maryland, rather than seeing those record highs, we're continuing to experience record lows in the critical metrics. But we cannot afford to stop being vigilant and cautious. Before we begin this holiday weekend, I want to again stress that the coronavirus is beginning to spread rapidly among young people, many of whom are asymptomatic, but who could still infect their parents, grandparents, and other more vulnerable people.

In Maryland, restaurants and bars are open only for seated service only at 50 percent capacity with strong physical distancing and sanitization protocols in place. Younger people seem to be acting and feeling as if they are bulletproof, and many of them unfortunately are ignoring the public health guidelines. The current infection rate among Marylanders under the age of 35 is now shockingly 52 percent higher than the rate among those 35 and older. All Marylanders should continue practicing physical distancing whenever possible, wearing masks when in public, and avoiding large gatherings. Our long-term recovery can only be effective if we all continue exercising personal responsibility.

The pandemic obviously impacted the way the State Board of Elections conducted the June 2nd primary election. But it was inexcusable that

thousands of Marylanders either did not receive their ballots, or received erroneous or late ballots. The day after the election, I called upon the State Board to submit to me and to this Board a full and complete report regarding these failures no later than this Friday, July 3rd. And once we have received and reviewed this report, we will be in a position to make the decision regarding how to conduct the November general election. Our ultimate goal must be to safeguard our democratic process and ensure that the November election is free of these issues and failures.

This unprecedented global pandemic has caused catastrophic damage to the American economy. To put it in perspective, eight million jobs were lost during the entire Great Recession. America has already lost more than 30 million jobs in just the past 90 days. This is the worst economic collapse since the Great Depression, and Maryland is certainly not immune.

Now fortunately, our unemployment rate is one-third better than the national average, and we're in better shape than 42 other states. We have the eighth lowest unemployment rate in the nation and the very best in our region. But today, we find ourselves at a critical moment in this economic crisis. Moody's Analytics told me and all the nation's governors that they forecast an average decrease in state revenues of 30 percent. 1.6 million state and local government workers have already been laid off, including 585,000 government workers just last month, with the potential for perhaps millions more. So far, we

have avoided any of those layoffs. But in order to avoid them, we do have to make painful decisions.

Every state in America, from the reddest to the bluest, will be faced with very difficult budget decisions. As Chairman of the National Governors Association, I have been leading the fight for additional federal aid to the states to help cushion this severe and devastating economic damage. Beginning in March when New York Governor Andrew Cuomo, NGA's Vice Chair, and I on behalf of the nation's governors jointly called on the administration and the leaders in both houses of Congress to take action, I have continued to push for this for months, including on Monday when I again called on the support of the Vice President while leading my 25th call in three months of all the nation's governors and the White House. Over the past week, we also directed more than \$475 million in CARES funding to critical initiatives.

For six straight years, our administration has provided historically high record funding for our schools. Education has been and will continue to be our highest priority. Just this week, we added \$255 million more in additional education funding from the CARES Act. And while many states have already seen significant cuts and layoffs, despite our significant economic challenges I am committed to doing everything possible to maintain level funding for K through 12 education for next year with no reductions.

We will also continue to maximize federal resources to ease the blow of this crisis and to help those Marylanders who need it most. But the reality is, responding to this crisis has created a multiyear budget crisis unlike anything the State has ever faced before, more than three times worse than the Great Recession. It will require further substantial budget reduction actions. According to a recent report by Moody's, if state and local governments do not receive additional federal aid, it could result in a drop of three full percentage points from the GDP and the loss of four million jobs.

Eighty-three days ago, on April 10th, Comptroller Franchot announced dire projections for the State's fiscal outlook and said that we are in "a new universe, a new world," as far as the State public budget. As a result of the Comptroller's revenue forecast, the State immediately, that day, instituted a budget freeze, a hiring freeze, and we asked the Maryland Department of Budget and Management to determine options and to make recommendations for budget cuts which would be required in all State agencies.

The revenue shortfalls, while dramatic, are not as steep as anticipated, so the Budget Department has revised their proposed budget cuts accordingly. We are here today to give the State budget officers the opportunity to lay out their recommendations so that this Board can make these tough decisions. Unfortunately, not taking action is simply not one of our options.

Without this Board showing strong leadership and making these tough decisions, the budget ramifications will be much, much more painful.

With that, I'll turn it over to my colleagues for any opening comments. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you very much, Governor Hogan. And I just want to say personally how grateful I am to you and your team for the aggressive, clear, consistent messaging about the pandemic health issues. As a result, as you noted, Maryland is one of the safest states in the country right now. It will be difficult to keep that because there is so much freedom of mobility in the country and so many states have not done what you have done so expertly. So it wasn't easy. It was controversial. I want to thank you for that.

I want to thank you also for the small business support, which you have always been very, very helpful with all over the State, or I've been helpful to you. This is an incredibly important time to begin to think about the reconstruction of the Maryland State economy. You mentioned the unemployment, the business losses. It is really without precedent and, you know, I just, personally I just am stunned that the greatest country in the world, the United States of America, has been brought to its knees by a pandemic and the economic consequences, as you said, are so devastating. And I just wish we had you or some other functioning adult in charge of the national effort. Because Democrat or Republican, liberal or conservative, I think we would have been able

to control this without any, with a much reduced health loss and much reduced economic consequences.

I think where you may be restoring the \$205 million in the cuts that I said I couldn't vote for, if that's the case, God bless you. I don't want to prematurely announce anything. But those are important to me because I agree with you that we need big cuts, and that big cuts are coming. But even with the \$205 million restoration we're I think second in history as far as largest reduction in real time of the State budget. So I just hate to see prematurely us taking balancing measures on teachers and State employees and vulnerable Marylanders. So if that is the case, I just want to reach out and say thank you again. I agree with you. We should not sugarcoat things. There are going to be many, many more cuts because of the fact that the White House has dropped the ball, unfortunately. I'm not suggesting any names, etcetera. I'm just saying it's been a chaotic contradictory message.

But, you know, today we're going to start at a minimum with at least \$500 million, almost \$500 million in cuts, added to the previous cuts last month. And I think it's a good way to start the fiscal year because, as you say, if we wait for six months, it's going to be a much bigger cut than what we're going to do, hopefully going to do today.

But once again, I want to ask all the listeners to just imagine if someone like yourself had been in charge of the national effort. I'm not

endorsing you, Governor. I like you. I have a positive relationship. But I am a Democrat. But it could have been anyone who could have put us on a much safer path much earlier. Thank you very much.

GOVERNOR HOGAN: Thank you, Mr. Comptroller. Thank you very much. I appreciate the comments. And now, Madam Treasurer?

TREASURER KOPP: Governor, welcome back. It's good to see you and it was good to hear the great health report last week.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: We're all very happy. You and the Comptroller and I, I think might differ a bit on the timing of cuts. But I agree completely, and some people have misinterpreted my position so I'd like to just lay this out. I was going to wait until the item, but let me say it now.

This is a very serious situation and it is potentially a long-lasting situation, because there is an enemy out there that is attacking us, this virus that we can't control. It's not even as though there were simply a weakness in our economy that we could grab hold of and correct. So I, too, agree that there are going to be long-term budgetary consequences for the State. Because I think they are long-term like this, and this is the first day of the fiscal year, I am not going to be agreeing today with taking these cuts. I believe that we should wait until our 2020 revenue are in, July 15th, and get a good picture of what the 2020 revenue are, get a better picture on what the federal government is going to be doing. And

I, too, thank you. I think the governors' pressure on the President and on the Republican-led Senate can make the difference. Because I can't believe that there is a governor in this country that doesn't understand the problems we're facing. And I thank you for taking the leadership on this. But I think we should be spending the next month until these revenue numbers come in educating everyone.

We've all gotten letters. People do not understand where the funds come from and how they are allocated in this budget. So everybody is going to think that a cut in their area, and I'm talking about the citizens of our State, a cut in their area is targeted against them and is huge. I think it would be better, because this is a long-term, to set out the problems and to set out where we are going to have to be looking for cuts, to educate people and get input from the public, and then, way before January, Mr. Comptroller, start doing the cuts in an incremental, serious way as we begin to understand what our State fiscal posture is, what the federal government is, where the other reserve funds are that could be used and a range of options. And I will be with you, arm in arm, in attacking this problem. And in fact, I know one shouldn't do this, but I would be more than happy to work with you and with the Legislature and try to bring everybody together. I know when a guy gets in the middle sometimes they just get shot from all directions. But I do think we are all together on this. And while we might have differences of specifics, and we'll get into that, and timing, there is no

question that we are united. And we're going to solve the problem in this blessed State, which is really so much more fortunate than most.

What I was going to start out saying was not that, but that Governor, we met with the rating agencies yesterday, the Comptroller and his office, the Department of Budget and Management, the Treasurer's Office, and the Legislature, and talked to each of the rating agencies and laid out for them what our situation was, what our strengths were, what our challenges were. And I must say that after that, I think we agreed once again among ourselves that Maryland is very fortunate. We are much better off than most of the other states. I believe we will continue to be a AAA-rated state. And one of the major reasons, and the rating agencies indicated this, was that in times of crisis, we have the capacity, because of the Board of Public Works and because of other parts of our government working together to come together in a way that many other states don't, and to solve problems. We, I told them that there may be differences of timing, or what cuts to take, of revenue enhancements, and what forms to take. But the fact of the matter is, at the end of this year, we are going to have a balanced budget. We have always had a balanced budget. We will. We will meet our problems.

The Comptroller and I together have, just on the Board of Public Works, not to mention the Legislature, been involved in more than \$2 billion worth of very difficult cut decisions in the last ten years. And I'm old enough,

and have been around long enough, to say that we've participated in the Legislature also in about \$1 billion. So it isn't that we can't make tough decisions. I think it's just a question of timing.

And with that, welcome back. And it's good to see you.

GOVERNOR HOGAN: Well, thank you very much. Thank you very much, Madam Treasurer. Thank you both. It's good to be back with both of you. And with that, let's go ahead and get started --

TREASURER KOPP: May I just add, the Lieutenant Governor did a great job for you.

GOVERNOR HOGAN: Well, thank you very much. And he, you know, I really, we still are in this state of emergency and I can tell you that I've been focused on these twin crises of the health crisis and the economic crisis, day and night, seven days a week, with our team. And he has really stepped up to take over some of the day to day operations of the government, not just the Board of Public Works, but meeting with our cabinet and our staff as I'm just trying to be focused like a laser on this other issue. And he's been a great partner and I appreciate you guys, you know, not roughing him up too much on the Board of Public Works. And I think you all worked together very well and I appreciate that.

So let's go ahead and get started with the Secretary's Agenda.

SECRETARY GONTRUM: Good morning, Governor, Madam Treasurer, Mr. Comptroller. There are 25 items on the Secretary's Agenda and 24 reports of emergency procurement. Item 24 is being withdrawn. Items 8 and 25 have been revised. We have received requests for public comment on Items 6, 14, 15, and 25.

GOVERNOR HOGAN: Very good. Well, let's take Item 25 first. I understand that Budget Secretary David Brinkley and Deputy Secretary Marc Nicole have a presentation that they would like to give us on their recommendations.

MR. BRINKLEY: Thank you, Governor. And good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, I'm David Brinkley, the Secretary of the Department of Budget and Management, and I have Marc Nicole, the Deputy Secretary of Budget and Management, at the table with me.

GOVERNOR HOGAN: -- go ahead, sorry. Go ahead.

MR. BRINKLEY: We've seen some of these graphics before. I don't know that the public necessarily has so we hope that this is very helpful and informative. Do we have the slide presentation up on the screen, or can we get it up on the screen? There we go. Let's go to Slide 2, please.

Okay. On May 20th, the Department of Budget and Management presented and you, the members of the BPW, adopted \$120.7 million in

reductions to the FY '20 budget to assist with its close out. Those actions and these actions are in direct response to the economic impact caused by the coronavirus on Maryland's economy. The following graphs are critical to understanding the challenges we face and their cause. You will see the impacts felt in the last four months are much worse, as the Governor said in his remarks, than the Great Recession. I will touch on unemployment, job losses, temporary cash assistance, and revenue losses. Next slide, please.

This first graph is very telling. The Maryland Department of Labor, and those in all other states, have been under intense scrutiny, pressure, and criticism for the handling of unemployment claims. While I'm not privy to all the details of their mechanics, this graphic illustrates the magnitude of the problem for applicants, the agencies, and as a result of the economy. If we liken this to a watch or a clock, conversations and criticisms are focused on how the instrument works when what we really want to know is what time is it. For those who can't see the details, that second line from the top is 500,000 unemployment claims. It took 74 weeks for us to reach half a million claims in the Great Recession. It took 77 weeks, that's the yellow line, for us to reach that same threshold in the nineties. With the coronavirus emergency, it took only eight weeks to reach that threshold, the blue line. Next slide, please.

Graphic 2 shows Maryland's payroll employment levels compared over the last decade. The data in the table is compared to 2020's first quarter.

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The red dashed line shows actual payrolls and until this drop-off, those were the projections for Maryland's employment according to the U.S. Bureau of Labor Statistics and Moody's Analytics, moving forward out there. Moody's prepared two scenarios. S2, the blue line that you see, which is bad, and S4, the orange line, which is undeniably worse. For continuity, I'll be using both the S2 and S4 scenarios and so does the Department of Legislative Services, the arm that handles these types of details for the Legislature. And they rolled out their report yesterday. In the optimistic scenario, employment will bottom out at the levels of the last recession. In S4, they go down even further and we take longer to recover. Next slide, please.

Slide 3 indicates the temporary cash assistance caseloads going back to July 2009. You will see the previous peak of over 75,000 in December 2011. On January 20th, six months ago, we had 39,458 cases. But six months later to the day, June 20th, there are 82,757 recipients, a nearly 110 percent increase. The next slide, please.

On Slide 4, we see our Moody's data points again, S2 and S4. We have three fiscal years illustrated here. You'll see those along the bottom, FY '20, '21, and '22. The blue line is S2, the more favorable line, which is the data point my office has been working toward. It shows for FY '20 a reduction in revenues of \$925 million. We'll see that number again later. The fiscal year starting today, it shows \$2.06 billion. And for FY '22, which we will start

developing that budget this summer, nearly \$2.6 billion. The orange line, S4, is more sobering. \$2.63 billion in reduction of revenues for the current fiscal year, and for the year which begins in just 52 weeks, nearly \$4 billion. You'll see in the next slide that equates to our general fund revenues just six years ago. Next slide, please.

This is very telling. The gray line are our actual revenues that we obtained back to FY 2015. The green line are the revenue projections made as recently as March. The yellow line is S2, the bad scenario which we're working from. And the red line is S4, obviously even more severe. And that's the one where we get to thresholds below FY 2016. The next slide, please.

The rest of these slides were used yesterday with the three bond rating agencies. So Madam Treasurer, Mr. Comptroller, I know that you've seen these before. But in light of the economic impacts associated with COVID-19, the State has seen a late sudden decline in revenues not shown on the earlier slide. In order to address this, the State and the Governor implemented spending and hiring freezes in April 2020, which increased reversion guidance and expectations from State agencies. The Board of Public Works enacted \$100.7 million in general fund reductions. And despite increases in the Medicaid program, we will achieve some budgetary savings tied to the enhanced federal match for the program, which we can use to balance the budget. We will also use the enhanced flexibility provided with the Coronavirus Relief Fund. And I will tell you, we've

been working on that very diligently. And we also have a mission to maintain the strong Rainy Day Fund balance for our budget balancing purposes. The next slide, please.

This is where you'll see that \$925 million figure reflected again. These are the actions we took to balance the FY '20 budget, and you will see at the very bottom that we should still maintain a Rainy Day Fund balance of \$1.036 billion. And again, this is the S2 scenario. The next slide, please.

So today you have \$395 million in reductions in front of you for consideration. And given the severity and suddenness of the decline of revenues, at this time a rewrite of the FY '21 is required. Our mission has been to try to use FY '20 as the baseline and try to get some spending thresholds at that level until we see the long-term impact and the severity of the impact of this new economy. The administration intends to carry forward the spending and hiring freeze put forward in FY '20. On July 1st, we are bringing to you for your consideration a reduction of \$395 million. And in addition, the administration will use the flexibility of the Coronavirus Relief Fund to offset general fund spending in the areas of public health and police and related activities. When we brought this item to you on May 20th, that number that we identified was \$50 million. I think at the close out for '20, it should be \$90 million. Is that right, Marc?

MR. NICOLE: Correct.

MR. BRINKLEY: And our anticipation is that for at least the FY '21 budget until we get to December 30th, that we could utilize \$175 million to take care of some of those reductions. Otherwise, we've got to bring those for your consideration for reduction. The administration will continue to monitor future revenue growth and potential federal relief to determine if further budget reductions are required or if the Rainy Day Fund will need to be further utilized. Next slide, please.

The administration's budget reductions in front of the BPW include the level, or include the following: level funding some local aid where possible; eliminate or reducing mandated funding; reduce the general fund PAYGO funding for FY '21; and we do not anticipate layoffs at this time. Administration reductions will be utilized, including vacant positions and operational efficiencies. And any details on reduction items in plain language document has been included to the bond rating agencies, and you also have that attached. To the bond rating agencies, that document I think was 125 pages for their reference. Next slide, please.

The Governor did announce that the -- okay, let's see that. I went through my notes pretty quickly. The largest BPW reductions include the following: higher education, reducing funding to higher education institutions by \$131.5 million; local aid by level funding community colleges to the FY '20 level of \$36.4 million. This is where the Governor did announce later some additional

funding for community colleges as a result of (indiscernible) and that money should be forthcoming to them. In Health, we anticipate increasing the deficit assessment to the tune of \$35 million; WMATA to the tune of \$28 million; and Juvenile Services, Juvenile Services recognized in the last fiscal year, the decrease in populations. They went through a shutdown of two facilities and we are now able to harvest and recognize some of those savings moving forward. The next slide, please.

This slide covers what we received, very briefly, but from the federal government on COVID-19 related expenditures. We received \$2.34 billion through CRF, with the State receiving \$1.65 billion and five jurisdictions. You will recall that the criteria for that is a county that had more than 500,000 people couldn't have direct access to the U.S. Treasury. So they received a portion of the money. The Governor and the State distributed \$364 million to the remaining 19 jurisdictions that did not have that pipeline to the Treasury. To date, CRF related expenditures have focused on addressing the public health crisis in the State. The expenditures are focused on PPEs, ventilators, testing, and other public health related expenditures and business assistance. The recent guidance from the administration that the CRF can be used to match FEMA reimbursement allows for more funding to be used for the public health crisis and to potentially offset other expenditures in the budget. The administration will continue, again,

to evaluate the needs of the citizens and businesses as it considers further distributions from the CRF. Next slide, please.

I think it's important that people focus, that what has been lost in all these discussions and criticisms about the needed reductions, are these very important announcements by the Governor for those areas which have been significantly impacted by the pandemic. The K to 12 education announcements are very important, and as you can see there total over \$200 million. Under rural broadband, we see that an additional \$10 million was added. You'll see on another slide \$5 million had been added for urban broadband because we recognized that there are also challenges on internet access in those communities. Higher education, \$90 million. Business assistance, \$50 million. And there has been a proposal to now use \$50 million for nonprofit assistance and the Governor concurred with that. And an additional \$10 million for rental assistance, I think, distributed or proposed for DHCD, if I'm not mistaken. Next slide, please.

The Governor's Emergency Education Relief Fund was announced a couple of weeks ago and this slide was presented to the bond rating agencies yesterday. The community colleges, \$10 million. Again, this is the backfill that I referenced earlier as we proposed that reduction on their increase, but then this money is allowed for the re-education of people for some job training skills that they'll have. K to 12 education technology, \$10 million. Innovative education solutions, \$10 million. And again, the rural broadband, \$10 million, urban

broadband, as I pointed out. And we have two very unique schools in the State, the School for the Deaf and the School for the Blind, that are entitled to an additional \$700,000 of relief there. So next slide, please.

TREASURER KOPP: Mr. Secretary, just to make clear, the slide, the previous slide, and the one before it, are some of those items like the broadband additions? Or just making clear what --

MR. BRINKLEY: Those are in addition to the budgeted items we had. We already had rural broadband expansion plans in the budget. So this is on top of what was already --

TREASURER KOPP: -- the two slides, how the two slides fit together.

MR. BRINKLEY: Well, we had two slides because we had two different timings on some of the reliefs. We just wanted to make sure this information was compiled and out there.

TREASURER KOPP: Is there \$10 million for urban --

MR. BRINKLEY: There's \$5 million for urban broadband and \$10 million for the rural broadband.

TREASURER KOPP: -- repetition of --

MR. NICOLE: -- two \$10 millions for rural broadband. There's \$20 million for rural broadband.

MR. BRINKLEY: I stand corrected.

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TREASURER KOPP: Okay, that was my question.

MR. BRINKLEY: -- now there's \$20 million for rural broadband.

I stand corrected. Now you know why there's two slides there.

TREASURER KOPP: Yeah, thank you.

MR. BRINKLEY: Marc, chime in when I make a mistake.

MR. NICOLE: Will do.

MR. BRINKLEY: You know, it's a big budget. You know. I'm trying to do the best I can. On the next slide, it should say immediate budget actions, it does. So immediate budget actions are needed. We will get across the finish line. The question and the challenge is to mitigate the pain and challenges that we have, addressing these sooner rather than later. That's why we brought these to your attention now. It's not just for you to take action on these items at this point in time, and we do need you to take those types of actions. I understand the conversation about awaiting some of the numbers. But keep in mind there are also people who are standing in line to receive some of these and our mission is for them to be able to budget appropriately, too, rather than them having to make a deep cut or some deep aggressive actions later in the year.

So again, you have some difficult choices ahead of you. The question is now, it's ongoing. And we have a challenge to deal with things as we go into this budget cycle. We have economic and fiscal impacts of the recession are worse than the Great Recession. Our bond rating agencies do expect states to

respond quickly, especially AAA-rated states. Governor, I will point out to you that we had a great, healthy conversation with the bond rating agencies yesterday. I know that the other two members of the BPW can concur with that. And they asked some very, very poignant questions along these lines.

The FY '22, we are all here talking '21 at this point in time, but the FY '22 fiscal challenges are expected to be worse than '21. DLS' projection for the FY'22 budget gap is \$4.6 billion. That budget begins in 52 weeks. And we have to sit down with the agencies and craft the budget for the Governor's consideration this fall, and it's just, there's no textbook for how you deal with something like that. And failure to make difficult choices now will make decisions more difficult in the future. The next and the last slide, please.

So many of the slides that you saw had been utilized with the bond rating agencies. This is the slide that I used yesterday as my final presentation to them. This administration remains committed to acting in a fiscally prudent manner throughout this entire pandemic, including having to take these additional actions to you here at the BPW. To date the administration moved very quickly to make midyear budget reductions twice for FY '20 and now before you for FY '21. And the administration will continue to monitor revenues and federal actions to determine what additional assistance might be available to Maryland. Should the federal government provide additional assistance or revenues improve, the administration is prepared to restore certain items that were reduced by BPW or

are proposed for budget balancing. Keep in mind we have not fully utilized the Rainy Day Fund, but we also have a statutory obligation that whatever we put in there, we have to restore to the five percent threshold of the general fund.

So this budget item was resubmitted last night, Governor, to accommodate some of the changes that we heard from the members of the Board of Public Works, and I urge you collectively to adopt this modified Agenda item. And with that, we're prepared to take some questions.

GOVERNOR HOGAN: Well, thank you very much, Mr. Secretary. And I want to thank Secretary Brinkley and Deputy Secretary Nicole and the entire Budget team, who I think has done a remarkable job. And I can tell you that they have been working around the clock under very difficult circumstances. So I just want to thank both of you for, and your team, please, pass on we know how difficult their job is. And so thank you very much.

But the Maryland Department of Budget and Management has now made these recommendations to us of \$413 million in cuts that are now before this Board for consideration. I can tell you that I don't like a single one of them, or the other hundreds of millions of dollars in cuts that they are going to have to bring back before us next month. They are all painful. And I would not have recommended a single one of these cuts. Frankly, I could never have imagined even considering voting for them. But sadly, as painful as these cuts are, the alternative to not taking action is much more severe. Failing to take action, not

making these strategic cuts that the Budget team is calling for, would result, the cuts that are before us today, would result in having to lay off more than 6,350 State employees if we don't take these actions. The \$205 million in items that we have agreed to defer until next month, if not made, if we don't come up with an alternative, are the equivalent of 3,157 more jobs that will need to be eliminated. A total of more than 10,250 State employees' jobs would be sacrificed without these cuts. So failing to make painful cuts now would cause a hatchet to be used on our State budget instead of the skillful use of a scalpel, which I believe the State's Budget Department team has proposed today.

The Chair of the House Appropriations Committee said a few days ago that while legislators were expecting massive layoffs, massive cuts to salaries, and furloughs, they were relieved that none of those things are being proposed in any of our recommended cuts. You know, as I mentioned earlier at the start of the meeting, state and local governments across America have already laid off 1.6 million workers. Here in Maryland, not one single State employee has lost their job. Now look, people may have to postpone or forgo a raise. Worthwhile programs will not be able to be funded or will get trimmed. Departments won't see increases. But funding everything and cutting nothing is not an option.

The three of us have the tough decision. Do we fight to protect special interests, or do we fight to protect our workers? Do we cut spending, or do we cut people? And I am going to fight to keep people in their jobs. What

we're being forced to do here is more difficult than we've ever had to do. And it's painful. But it's not as bad as what other states are doing across the country. And the difficult choices that we make today and that we make, the difficult choice we make today, if we take these actions, will save the jobs of more than 6,350 State workers. But the ones postponed, that we took off today's Agenda, if they are not replaced, if we don't come up with another alternative recommendation, they will result in 3,157 people being terminated. So you know, we have led. Maryland will continue to lead on the road to economic recovery. But in order to make it through these difficult times, we are going to have to step up and make some very difficult decisions.

Now I understand we have several people on the list who would like to speak on this item. We're going to ask if you could please keep your remarks to three minutes because we want to have the opportunity to hear from everyone. So if we could, we'd like to start with Jerry Smith who is President of the Maryland Professional Employees Council. Mr. Smith?

MR. SMITH: Excuse me. Good morning, Governor Hogan, Madam Treasurer, and Mr. Comptroller. My name is Jerry Smith. I am the President of the Maryland Professional Employees Council. We are the engineers, chemists, scientists, IT professionals, analysts, administrative professionals (indiscernible) also we represent teachers in the correctional facilities and unemployment insurance claims investigators.

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Maryland Professional Employees Council (MPEC) members in unity are proud to do their part to make sure that the State can provide the services its residents need in a time of crisis. We are among those at the front lines of this fight against COVID-19. We know the challenges of this pandemic, the threats to the safety and well-being this virus poses to residents and workers alike, and the damage it has caused the economy of the State. For 20 years, we have utilized collective bargaining as a way to ensure the voices of those doing the work of the State are heard in conditions of our employment. In previous difficult economic times, MPEC has worked successfully with this administration to confront the economic realities facing Maryland in which we agreed on a path that saves the fiscal solvency of the State.

The reason I'm here today asking the Board to hold off on the proposed cuts is that we did not truly engage in an exchange of well thought out proposals that constitutes bargaining in good faith. I understand that the proposals today are slightly different from what was proposed to us. What was proposed to MPEC, roughly ten days ago we were given a harsh proposal for permanent cuts that included a permanent five percent reduction in our salaries, counseling, COLAs and annual salary reviews, and an increased unemployment contribution to our insurance programs. We offered specific remedies that would have been more amenable to the membership and saved the State funding,

proposals such as early retirement, which has been successfully used in Maryland in the past.

So to reiterate, we stand ready to continue negotiating on the impact of the economic downturn caused by the spread of COVID-19, as will our membership. But to break the agreements between management and employees brokered at the collective bargaining table and impose these cuts without substantive input by those who, this day, are risking their lives on the front lines so that Maryland may recover, that's something we fundamentally oppose. We understand that if Maryland is to be successful in overcoming these challenges, it must do so in working in collaborative partnership with stakeholders. It is in this spirit of collaboration that we come before you today to ask that the State's unilateral approach to cutting State employees and services to make up for revenue shortfall which could severely cripple our State's ability to serve the citizens of Maryland --\

SECRETARY GONTRUM: That's three minutes. Thank you, Mr. Smith.

GOVERNOR HOGAN: Thank you very much, Mr. Smith. We appreciate you taking the time to address us and we thank you and all of the members of the Maryland Professional Employees Council. Next, we have up Rose Wertz, who is the Field Coordinator of AFT Healthcare-Maryland.

MS. WERTZ: Good morning, Governor --

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GOVERNOR HOGAN: Good morning.

MS. WERTZ: -- Mr. Comptroller, and Madam Treasurer. Thank you for allowing me to speak in opposition to the proposed cuts that I understand are now delayed.

We appreciate the delay in the cuts. AFT Healthcare-Maryland, we represent the healthcare professional unit in State government. So we have the nurses, physicians, therapists, counselors, and other healthcare professional classifications. We were contacted by the Department of Budget and Management and offered an opportunity to sit and negotiate these budget cuts affecting State employees. But quite frankly, we had a totally unrealistic timeframe in which to do that. And so the delay is exactly what we were asking for. We would like to work collaboratively in this process. We realize that the State is facing severe economic difficulties and we want to be part of the solution. The cuts that were proposed were unilateral cuts. We would like to negotiate how these things impact our members, how they are implemented. We would like to mitigate as much of the damage to our members as possible while still allowing for budget reductions to take place.

So we thank you very much for delaying the cuts to State employee compensation. We welcome the opportunity to continue to bargain with the Department of Budget and Management, as we have in the past. We appreciate your leadership during this difficult time and we want to work with

you. And on behalf of the healthcare professional employees within the State of Maryland, we thank you for the delay and this opportunity.

GOVERNOR HOGAN: Well, thank you very much, Ms. Wertz, for coming to address us this morning. Thank you for your willingness to work together with the department and the cooperation. And thank you for all of the healthcare workers on the front lines during this pandemic, the incredible work that they've done.

I know that the department has sat down to work collaboratively with six of our labor unions. Two of them have already reached agreement and agreed on new collective bargaining agreements. And we're hopeful that with this additional time that others will be able to reach some agreements that will save thousands of jobs. So thank you very much. Next up, we have Lance Kilpatrick, Legislative and Political Director for AFSCME.

MR. KILPATRICK: Madam Treasurer, Mr. Comptroller, Governor, thank you. Once again, for the record, my name is Lance Kilpatrick, and I'm the Legislative and Political Director for AFSCME Council 3. AFSCME represents almost 30,000 State and higher education employees in Maryland and today we're testifying before the Board of Public Works to urge the continued opposition to the cuts to State services and the State's workforce that has been proposed by the Department of Budget and Management.

The COVID-19 pandemic has had a devastating impact upon people's lives and thankfully Maryland's numbers are dropping. But the bad news is that each day more and more are infected and more die. Maryland State and higher education employees have been vigilant and dedicated in meeting this dangerous challenge. Virtually all of our members have worked through the pandemic, including 10,000 essential frontline workers who have been directly in harm's way. They have continued reporting for duty, working long hours, often in dangerous environments to health and well-being, to process unemployment claims, SNAP benefits, care for those with mental illness, just to name a few. It is work to be commended and they have paid a price. Hundreds of them have contracted COVID-19 by coming to work, and Sister Karen Kennedy recently died after contracting COVID-19 working for the State.

Given their commitment and dedication, we would have expected something a little more positive coming from the State. Instead we are told that our COLAs and annual salary reviews that were negotiated with the State are being taken away, that our health insurance premiums will increase, that contributions from the State to our pension system will be reduced, and in higher education they talk of furloughs and staff reductions. There has been a rush to cut by DBM. Initial reductions floated, but never formally submitted to AFSCME for negotiation, including permanent five percent cuts in salary and thousands of PINs eliminated. We were given an unreasonable timeline to bring our

bargaining team together to negotiate with little backup documentation to analyze and assess. We said we could meet on June 25th, but were told it had to be the 24th or there would be no negotiating. And yet deals were reached with other public employee unions after the 24th, deals that (indiscernible) concessions made. We were not even afforded the opportunity to discuss alternatives. The information we sought was information that has been raised by members of this very Board, an assessment of tax relief for businesses and individuals, reconciliation of stated points and claims for FY 2020, a full accounting of disbursement of CARES Act monies, and understanding the potential new federal assistance. Much of this information can be learned this month. Other information may take longer. Yet, DBM instead asks for harsh concessions to be made now from the very people who are already sacrificing in order to serve Marylanders in crisis.

We are pleased that the Board of Public Works has taken a step back from the abyss and hope that more reasoned, thoughtful, and strategic approaches will be taken that balance the needs of all Marylanders in this time of pandemic crisis as opposed to exacerbating an already foul situation by harming the workforce that's keeping Maryland together and moving forward. Thank you.

GOVERNOR HOGAN: Thank you very much, Mr. Kilpatrick. First of all, let me also thank AFSCME. I mentioned at the beginning of the discussion that I have been leading the fight at the national level to get this

assistance, and AFSCME agreed to sign on that letter that we did from the National Governors Association with the local governments as well. And I know that unfortunately your union has borne the brunt of many of those 1.6 million people who have been laid off across the country, and we're hoping to avoid that here in Maryland. I just mentioned a moment ago about the potential for 10,250 jobs. Obviously, about 60 percent of those would be AFSCME. And we're hoping that we can reach other negotiations with you as we have with the other unions. So thank you very much. Next, we're going to hear from Bruce Bereano, who is representing both the BWI Firefighters and the Maryland State Park Rangers Association.

MR. BEREANO: Good morning, Governor, and good morning, Madam Treasurer and Mr. Comptroller. Thank you for the opportunity to address you this morning on behalf of the BWI Firefighters and the Maryland State Park Rangers.

Let me please adopt the comments of the previous speakers in the brevity of time. I appreciate the fact that you will be taking more time to look into these matters. It was abruptly brought upon us. We really did not have a good opportunity to negotiate further. We negotiated terms which were adopted by the Legislature, and then initially opposed the reduction.

We fully understand the difficulties. We fully understand things have to be done. We just feel, as has been stated before, that it's early, it's

premature. You need further information, respectfully, not only in terms of revenue estimates but what will be coming from the federal government, either under the CARES Act or the HEROES Act, and will there be strings attached to it or not, to really have a better understanding.

Both the Firefighters and the Park Rangers will work totally cooperatively with the State. As you know, the State Parks have been inundated with people and have just shown the dramatic blessing we have in the State to have such wonderful Parks and the State workers that do that. And of course, our Firefighters, I know they are very important to you, Governor. You have been wonderful to the Firefighters. We deeply appreciate that. And we're frontline State employees like others. And we just want to be able to cooperate and be heard and have some more say in what ultimately might be the solution.

Thank you very much for your consideration. It is good to see the three of you and I'm glad to be a Marylander. Thank you.

GOVERNOR HOGAN: Thank you very much, Bruce. It's good to hear from you.

Lastly, we have Peter Kjome, who is the President and CEO of the Baltimore Symphony Orchestra.

MR. KJOME: Good morning, Madam Treasurer and Mr. Comptroller and Governor. Thank you for your leadership and for the opportunity to speak with you today. I'm Peter Kjome, President of the BSO.

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We respectfully ask that you do not approve the proposed elimination of the required appropriation of \$1.6 million to the BSO in the FY '21 budget. In 2019, the General Assembly enacted House Bill 1404, which did three things. First, this appropriated \$1.6 million in FY '20 contingent on funds being released after July 1, 2019. Second, it mandated an appropriation of \$1.6 million for FY '21. And third, this established a work group on the BSO to make recommendations regarding cost containment strategies, audience developing, including diversifying access, and increasing statewide public participation.

The work group on the BSO, led by former State Senator Ed Kasemeyer, developed a comprehensive set of recommendations to put the BSO on sound financial footing over (indiscernible) years. One of the goals of these recommendations is to rely on a declining amount of State financial support. The BSO has been diligently implementing this plan and in turn leveraging private contributions to seed the organizational transformation ahead. The State commitment of funding in FY '21 was integral to that effort and public response, as was a consideration of further bridge funds in FY '22 and beyond.

We understand the significant fiscal challenges the State is facing in navigating this unprecedented crisis, but at the same time we cannot understate the significant fiscal challenges facing the BSO now. As the State's largest arts organization, the planned State funding is critical to advance the major cultural, procedural, and systematic changes outlined in our forward looking plans.

On behalf of our Board, musicians, and staff, we respectfully request the adherence to what we believe is a reasonable approach to the FY '21 appropriation. Under the leadership of Governor Hogan and the General Assembly, Maryland is nationally recognized for its world class cultural assets and we are deeply grateful for your leadership and support. Thank you very much.

GOVERNOR HOGAN: Thank you very much, Mr. Kjome. Thank you for joining us this morning.

Secretary Gontrum, I guess should we pull out this Item 25 for a separate vote since it affects so many other items on your Agenda?

SECRETARY GONTRUM: Yes, sir, that would be ideal, Governor.

GOVERNOR HOGAN: Do we have a motion on Item 25?

COMPTROLLER FRANCHOT: I would move, thank you, I would move approval of the amended item.

TREASURER KOPP: Governor, could I speak to it briefly again?

GOVERNOR HOGAN: Sure.

TREASURER KOPP: As you know, I don't think the timing is right. I think this is a great beginning. This meeting, those slides, these presentations, these witnesses, a great beginning for a discussion which will quickly educate not only all our State workers, but the public as well, of the

dimensions of the problem and of alternatives to only a series of cuts. I would urge that you not do the cut, at least not in its entirety, of the Baltimore Symphony Orchestra, for instance. The Symphony is important to the culture of the State, to all parts of the State, and the Comptroller knows that Montgomery County built a great symphony hall because we too appreciate not only our National Philharmonic from the Washington area, but the Baltimore Symphony, which plays there during the year. And the Symphony, for instance, that Mr. Kjome didn't mention, is also a very important educational institution, reaching out to students across the State and bringing them into the wonderful world of music. That's an instance of a small cut that I think does significant harm.

Another is the movement that the eradication of the sister state program, the international programs in the Secretary of State's Office. A very small item, but one that has tremendous impact and is not easily understood.

In addition, another larger example, the Cade formula. You have put \$10 million into community colleges this year for job training because we realize how very significant it is. But on the other hand, taken out many more millions in this cut. It seems to me that getting together people can focus on how best to efficiently use the funding that is there, perhaps take some out but not all that amount. So looking at the community college formula would be a very good thing to do over the next month.

And another example, the Sellinger, I focus as you know on education. The Sellinger Grant to independent colleges, it's a large grant, almost all of which goes to scholarships and aid for Maryland students, 90 percent of it. Those are students who couldn't attend without that aid and we have provided that as a State.

So I would simply urge us once again to wait until the 2020 revenue are in two weeks from now and look at these cuts and at the total picture of the federal money, the reserves, and use the time to educate people. I appreciate the fact that the item before us is different than the one we saw on Friday, that this deferral of the employee related cuts gives you and the administration and all of us time to talk to the employees, to understand what the options are, to look even at a progressive furlough instead of some of the other solutions, the sort of furlough where people who are paid more get docked more. These sort of options we simply haven't had time to look at and I think in the interest of bringing everybody together and going together as a State, as we will in the end, I believe, we could use this time very efficiently.

So that is why I will be voting against this motion. There are specific cuts, but more importantly I think we are losing an opportunity to continue further education. People will realize, just as you said, Governor, there are only certain places you can go for the money. You can't spend what you don't have. And we have to go where most of the money is, and everyone is

going to have to give, the Treasurer's Office, the Comptroller's Office, the Governor's Office, all of us, and we'll get through and we'll be a stronger state for it. Thank you.

GOVERNOR HOGAN: Yeah, thank you very much. I agree with a lot of what you said and all of these are worthwhile programs. I said earlier, I don't like a single one of these cuts. But I'm going to second the Comptroller's motion because I just believe we have to move forward. We did postpone \$205 million of these cuts so we can have a further discussion until next month. I'll just reiterate, though, that we have to find alternatives for that \$205 million because I do not want to lay off 3,157 people. So just saying let's just fund all these things, it's not an option. You have to come up with other alternatives. So I think we've got to move forward with at least the 400 today. We're going to have to move forward with 200 at our next meeting. If it's not those proposed cuts, it's going to be different proposed cuts. Not cutting is not an option. So I'll second the motion. The vote carries two to nothing. And we'll move on to the next part of the Agenda.

SECRETARY GONTRUM: If I may, Governor, in light of the Board's approval of Item 25-GM, I'd like to call the Board's attention to potential revisions that Board may wish to make to Items 3, 4, and 5 on this Agenda, which are the Board's pass through grants, those perennial grantees, the Historic Annapolis Foundation, the Maryland Zoo in Baltimore, and the Western

Maryland Scenic Railroad. Specifically, the Board may wish to revise the grant amount to the Historic Annapolis Foundation, Item 3, to read \$710,000 [*sic*]. The Board may wish to revise the overall grant amount to the Maryland Zoo in Baltimore in Item 4 to read \$4,688,698 with the amount of the first installment of the grant payment revised to read \$4,438,698. Finally, the Board may wish to revise the grant amount to the Western Maryland Scenic Railroad in Item 5 to read \$225,000. These revisions would reflect the reductions just approved in Item 25-GM.

GOVERNOR HOGAN: Great. Thank you. Is there any motion that needs to be made, Mr. Secretary?

SECRETARY GONTRUM: Yes, please, sir. A motion to revise those items along those lines would be appreciated.

COMPTROLLER FRANCHOT: I would move to revise.

GOVERNOR HOGAN: Second. So it passes. Madam Treasurer, do you want to vote on this change for the --

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: I think the Treasurer, though, earlier voted no on the other one --

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: So --

TREASURER KOPP: Yes, no, I did, but that passed.

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GOVERNOR HOGAN: For the record, I think it's three to nothing.

SECRETARY GONTRUM: Thank you.

GOVERNOR HOGAN: Thank you. Let's move on to Item 6 because I understand we have several people signed up to speak about the wetlands license to Cape St. Claire Improvement Association. So --

SECRETARY GONTRUM: Yes. I do have the Board's Wetlands Administrator Mr. Bill Morgante available to address the license, if you like, Governor.

GOVERNOR HOGAN: Yeah, let's have Mr. Morgante, the Administrator, start off and give us an overview.

MR. MORGANTE: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Bill Morgante, Wetlands Administrator for the Board. The wetlands item with requests for speakers, as you mentioned, Governor, is Cape St. Claire Homeowners Association. It's located on the Broadneck Peninsula in Anne Arundel County. So they seek a license, a wetlands license, to construct a stone breakwater and a stone groin off of their community beach. Just to clarify, these two structures are slightly curved stone structures.

The project has the support of Senator Ed Reilly and Delegate Heather Bagnall. It has approved funding from environmental organizations and

agencies. And it has overcome the concerns of three abutting property owners. Yet concerns remain for one nearby property owner, Mr. William Collins.

Concerns were raised after the report recommendation came to BPW from MDE after the project was assigned on to today's BPW Agenda. Mr. Collins and I over the last week had a number of long conversations and he did finally submit his concerns in writing just on Monday of this week, two days ago. There are five concerns that he listed. I think three of the concerns about the proposed structures are relevant to the wetlands license, and two of the concerns about management of the dune and safety measures are not. MDE and the project designers have responded thoroughly to these concerns in the short time, providing responses with supporting documents to Mr. Collins only yesterday. I think the three relevant concerns have been thoroughly addressed and recommend your approval of the license.

Today we have with us Assistant Secretary Suzanne Dorsey from MDE, MDE Eastern Region Tidal Wetlands Chief John Stewart, and MDE Project Reviewer Matt Wallace for the project. We also have actually design team members Joe Berg, Senior Ecologist from Biohabitats, and Albert McCullough, a Coastal Engineer from Sustainable Science. And we are all available to answer your questions.

GOVERNOR HOGAN: Very well. Thank you very much. I think maybe we'll start off by let's hear from the opposition, from Mr. William Collins, and then we'll move on to the Cape St. Claire Improvement Association.

MR. COLLINS: Yes, good morning to all. I guess the first issue I'd like to bring up is that my involvement with this has been fairly truncated because the notification was not sent out until, to me, until two weeks ago, until Saturday of a week before last. And I've ramped myself up to speed as quickly as possible to be able to address what are my concerns.

As far as support or opposed, I'm not either. I'm certainly not anti-fishing, or anti-beach going, or anti-fun. The movement seems to be to convert or annex a traditional wetlands into a community amenity. The amount of traffic that has been on the property for many, many years is ever increasing. And the, it's my humble opinion, the erosion that exists is mainly caused by or exacerbated by the amount of foot traffic on the dune. And certainly the aerial photographs that were provided for me from the engineers themselves would certainly bear that out.

The proposed structure is, the proposed disturbance area is 1,000 feet long. It is going to place 5,000 square feet of permanent structure on the bottom of the Magothy River and the limited area of disturbance is about the size of an aircraft carrier. The proposed structure is about two and a half car lengths from my beach that I maintain and have maintained for the past 30 years with my

grasses and we stay off the dune and we maintain the beach itself, the structure being that close in proximity to my beach that has sustained weather conditions. We enjoy, as documented, we enjoy land accretion and have over the past 30 years or so. The opposite side there does not. The proposed structure, again, very large in a very sensitive environmental space is, I've been given a lot of claims from the folks that have done the proposal, but have not been given, I've asked repeatedly for supporting documents and supporting studies from either wildlife or sand shift or proposed certainly wave redirect action, and have not received any.

The two items that, the other item, certainly, the ongoing maintenance of the flows of debris from the Conowingo and from the Susquehanna have always been a big issue for us because we get a lot of that. And obviously, the panel knows that the Annapolis area has had some issues with that just in the past couple of years in a big way. The answer back to that to me was that, from the engineers, is that we're well out of the flow area for that. Well, I've got debris on my beach from as far north as the Sunbury Dam that is labeled that is 100 miles north of Harrisburg, Pennsylvania. So the extent of this proposed structure is going to create a great big funnel and pull it into the end of the navigable waterway.

So, which brings to me, quickly, the two issues that Mr. Morgante said that he was not as interested in or outside the scope, I put these in and

mentioned that they are a little outside the scope, however worth mentioning. The safety of the use of the channel, because there are so many more, over the years, so many more people using the channel as swimming and bathing and sunbathing and certainly boat traffic and kayaking and all of the recreational parts of things. The young people, the little guys, they come out to run out and line up on the end of that bulkhead to climb up onto the piling and jump into the water is increasing, ever increasing. The rip tide that rolls through there, we've certainly had drownings here, even in recent years, and the lack of supervision and the enticement that not only the existing structures and the existing beach create, but also the proposed structure, without addressing that, I think that moving forward without, and again, I'm not for or against, but without addressing that I think that's reckless.

The other part of the proposal for the structure itself, the living shoreline was given a waiver and for reasons that I won't go into. But everybody has their research on that. The proposed structure put as many rocks out there as you want and pay as much money to do that as you want. But if they don't limit and channel the amount of traffic on the dune itself, and like they do in New Jersey and certainly on the Delaware and Maryland Shore, that if that's not done in conjunction with the structure then the erosion problem I don't believe is going to be abated.

Thank you very much.

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GOVERNOR HOGAN: Thank you very much, Mr. Collins. And now we'll hear from Beau Breedon, who is from the Cape St. Claire Improvement Association.

MR. BREEDON: Thank you, Governor. Thank you for the opportunity to speak today. My name is Beau Breedon. I am the Beaches and Parks Chair for the Cape St. Claire Improvement Association. We are a socioeconomic diverse community of nearly 8,000 residents located on the shores of the Magothy River and Chesapeake Bay. I'm here representing our community to help finalize these permits and move forward with our living shoreline project.

For most of the last decade our community has worked and strived to be better stewards of our environment. We have put forth countless volunteer hours into bettering our community owned properties to improve local ecosystems, water health, and restore more native and resilient shorelines due to a number of challenges. This project before you is one of seven sites we hope to restore in the near future to help accomplish these goals.

In 2016, we hired Biohabitats to assess the community owned properties and potential projects. After listening to community priorities, working with federal, State and county agencies, and hiring two engineering firms, Biohabitats and Sustainable Science, to study and design our projects we have moved forward towards funding these projects.

Our story in Cape St. Claire is one where we have put forth countless work hours, but also the residents have voted for a special community benefit district budget process to fund and design this project, spending nearly \$200,000 and dedicating up to \$650,000 to help secure additional matching funding. We have created partnerships with the Alliance for the Chesapeake Bay, been awarded more than \$298,000 from the Chesapeake Bay Trust and Anne Arundel County grants, secured a 2019 bond bill grant, and most recently DNR Capital Waterway Improvement Funding, in working with our elected State delegation of Senator Reilly, and Delegates Bagnall, Saab, and Malone. We have forged partnerships with support from local organizations such as the Little Magothy River Association, Cape Conservation Corps, Goshen Farm Preservation Society, among other committed partnerships with local scouting groups to help planting the new habitat during the course of this project. We as a community are striving to help protect and restore our eroding shorelines through the challenges of the stronger storms, more frequent storms, the impacts of the shipping channel of the Chesapeake Bay, along with other natural challenges.

We have worked diligently through the permit process for the last two years with multiple agencies and look forward to moving our project to construction stage. We believe this community led effort and multi-organization partnership will not only benefit our 8,000 residents of Cape St. Claire, but help improve the Magothy Watershed for generations to come.

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Thank you for your time. I'll be happy to answer any questions.

GOVERNOR HOGAN: Thank you very much, Mr. Breeden. I also understand that we have two project designers on the line, Joe Berg from Biohabitats, Albert McCullough from Sustainable Science. And from MDE we have Assistant Secretary Suzanne Dorsey, Eastern Regional Chief of Tidal Wetlands John Stewart, and Project Reviewer Matt Wallace. I think let's go ahead and hear from Suzanne Dorsey first, and then if she wants to call on any of her colleagues, and then if anybody has any questions of anybody.

DR. DORSEY: Good morning. This is Suzanne Dorsey, Assistant Secretary at MDE. We appreciate the close scrutiny of this project. We have reviewed it and worked with both parties on this issue and find that the revisions that have been put forward by the Community Association address the needs brought up by the property owner. We did, we were able to get him an appropriate time the notification. As he is across the inlet from this property, he is not exactly an adjacent property. But we recognize that he's very close and it's certainly in his community. So we took his concerns very seriously.

I think he raises some really important issues for the community to consider. Certainly, dune protection is a valuable and important opportunity and we encourage him to pursue that with the Community Association through education processes. The partnerships that the community has forged with Boy Scouts and Girl Scouts are an example of how that can be achieved.

We have reviewed this very carefully in collaboration with Bill Morgante, and we believe that it's an appropriate exercise of the riparian rights of the community and that it will provide benefits from erosion as well as an important use of a tool, the living shoreline, which has co-benefits including carbon sequestration. So we support moving this permit through. I'm happy to answer any questions or allow John Stewart to talk to the specifics of it.

GOVERNOR HOGAN: Any questions?

TREASURER KOPP: Yes, Ms. Dorsey, could I just add, do you have any comments on the concern regarding the inadequacy of protection against storm surge?

DR. DORSEY: I don't have any concerns about it. I think that the design is appropriate to the needs of this community. Storm surge can and will be a threat to any coastal community. The design as it's laid out will offer appropriate support for this community. You know, I don't think that we have any significant concerns. That isn't to say, however, that a large storm can't and won't produce damage should that occur.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Any other questions? Okay. Thank you very much. I'd like to call up Items 14 and 15. I understand the Maryland Environmental Service is requesting approval of two architecture and engineering contracts to convert the cogeneration facility at Eastern Correctional Institute

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from burning debarked wood chips and fuel oil to operate on clean natural gas. This project will provide a cleaner and more reliable source of fuel for the Department of Public Safety and the University of Maryland Eastern Shore. The project will spur regional economic development, creating jobs while bringing lower energy prices to the residents and businesses on the Eastern Shore.

We've been working very diligently to expand their alternative energy options and there is immense support for this project. We've heard from everyone, from the University of Maryland Eastern Shore President Heidi Anderson, to the President of the Somerset County Commissioners Craig Mathies, to Delegate Sheree Sample-Hughes. We have with us the new Director of the Maryland Environmental Service on the line. I want to say to Charles Glass, welcome to your first Board of Public Works meeting in your new capacity. I have here with me your predecessor Roy McGrath, who has left you big shoes to fill. He's now my Chief of Staff. He did a great job there at MES and Charles, we're very happy to have you with us. We also have some speakers signed up to speak on this first. We're going to hear from Anthony Field for the Chesapeake Climate Action Network.

MR. FIELD: Hello, and thank you. Good morning. My name is Anthony Field and I'm a Coordinator with the Chesapeake Climate Action Network. Thank you for this opportunity to address the Board. I know you all have a very busy day ahead of you.

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Later on today, you will be asked to make deep and painful budget cuts to critical services such as public education, childcare, and healthcare. At the same time, the Board is being asked to vote on a proposal to invest half a million dollars to retrofits at the Eastern Correctional Institution. These investments would allow the State facility to begin to convert its heating operations to burning fracked gas. The Eastern Correctional Institution will be an end user of two pipelines that have not yet been fully permitted. We understand that this is the first step in a multistep process of converting the facilities to gas. Regardless, we still believe the investments you are being asked to make today are premature at best.

Given the State's commitment to clean energy and greenhouse gas reductions, CCAN is further concerned that investments in gas are harmful to the climate and an unwise investment overall. Even if the steps are preliminary, additional investments in gas get us closer to being locked in a reliance on this harmful fossil fuel. Specifically, we are requesting that you vote no on Agenda Items 14 and 15, or at a minimum that you defer these investments to a more appropriate future meeting. Thank you.

GOVERNOR HOGAN: Thank you very much. Next up is Somerset County Commissioner Randy Laird.

MR. LAIRD: Governor Hogan, Comptroller Franchot, and Treasurer Kopp, on behalf of the Board of Somerset County Commissioners, we

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strongly support this project to extend natural gas, to help extend natural gas to our county. This project in my opinion will help the carbon footprint by eliminating dirty fuels, like wood chips and other petroleum products. We're not alone in this. We have overwhelming support from other local stakeholders, including the University of Maryland Eastern Shore, Somerset County Public Schools, Somerset County Economic Development Commission, the Town of Princess Anne, Pocomoke City, Worcester County Commissioners, Wicomico County Council President Larry Dodd, and the Tri-County Council of the Lower Eastern Shore. We'd also like to express our thanks to Senator Mary Beth Carozza and Delegate Charles Otto for their support on this project.

This expansion will bring natural gas to our county for the first time. In order to compete with other counties and jurisdictions, we need this for economic growth. It's hard to compete with counties that have natural gas because they can offer these companies a lot cheaper product to run their business. Therefore, I respectfully ask that you approve the two contracts and continue to support the success of Somerset County. Thank you very much.

GOVERNOR HOGAN: Thank you very much, Commissioner. I appreciate you being with us. Now we have a private citizen, Andrew Hinz.

MR. HINZ: Good morning, everyone. Thank you -- can you hear me now?

GOVERNOR HOGAN: Yes.

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MR. HINZ: Good morning, everyone. Thank you very much for this opportunity to participate. I am a lifelong resident, taxpayer, and utility ratepayer in the State of Maryland. I'm 68 years old now almost. I am requesting that you either reject this half a million dollar expenditure or put it off to a later date, and for three reasons. I'll try to be brief.

The first reason is because of the current COVID pandemic and the current economic crisis, I believe we have many, many more pressing priorities for a half a million dollars investment of this kind.

Second, we are in a climate crisis. It's not impending, it is here. We are living it right now. Every pound of methane and CO2 that we put into the atmosphere will result in a life lost somewhere in the planet. That is a fact. We have exceeded our limit for these kinds of gases in the atmosphere. So we are doing more harm with this. So Maryland is particularly vulnerable to the effects of the climate crisis and for that reason it is also bad.

Finally, my third reason that I would like you to not approve this for, especially to delay it, is that the timing of this, two days before the Fourth of July holiday, when it is setting in motion a chain of events that will put enormous pressure on the Public Service Commission to approve these two fracked gas pipelines is irresponsible. We all know the overwhelming support from the citizens of Maryland for climate change action now, not later. This is now. This is the time to take the action, right now. So I think the timing of this and setting

these things in motion right now has the appearance, has the appearance of an ethics compromise in my mind. I'm not saying it is, but it has the appearance. And for that reason also, it should be at least delayed.

So thank you very much for listening to me and I appreciate the time. Thank you.

GOVERNOR HOGAN: Thank you. Next up is Michael Folkoff from Wicomico Environmental Trust.

DR. FOLKOFF: Good morning, Board. I'm Mike Folkoff. I represent the Wicomico Environmental Trust, as well as the county in which the pipelines are going to pass through. But the question at the moment is to the logic of approving this expenditure when the pipelines have not yet been fully permitted. We stand some chance as the future holds of not only not having the pipelines, but also we see, although it's controversial at the moment and there is some people who don't think so, that the future is not in natural gas, it's not in fossil fuel, it's in alternate energy sources. And those alternate energy sources are not far away. They are around the corner. And many people are thinking they will be here even sooner than we might think, given the current technological advances.

In this time of COVID when money is so precious and the budgets are so tight, to approve this under those circumstances and leave behind stranded assets, as well as other problems, it doesn't seem logical, to at least postpone this

decision until these pipelines are fully permitted and the process has a chance to proceed to the end.

Thank you very much for hearing me. I appreciate your consideration.

GOVERNOR HOGAN: Yes, thank you very much. Next we're going to hear from former Senator Jim Mathias, who is the Director of Government Relations for the University of Maryland Eastern Shore.

MR. MATHIAS: Good morning, Governor, and good morning, Madam Treasurer and Mr. Comptroller, and I just want to say how humbled and honored I am to be here this morning representing, to be with you, but also representing most importantly President Dr. Heidi Anderson, the President of the University of Maryland Eastern Shore, an HBCU. And we thank you so much for the good work that you do.

Although you, you know, we're here from UMES, and you hear that the Items are 14 and 15, we ask for your favorable support because we're kind of partners. In the pro forma, it was our diligence that really enabled Chesapeake to bring this project in. As end users, UMES and ECI will make certainly a much more affordable and a cleaner fuel, a cleaner fuel with less emissions. We will take diesel trucks off the road that deliver our product now. And this is a good pragmatic choice that we ask you to make. You know, please, respectfully (indiscernible). You know, UMES has been recognized as an

environmental leader by a magazine, *University Magazine*. You may remember we were, when modestly I was in Community Jurisdiction in the Senate Finance Committee, we were leaders working to make land based wind turbines happen in Somerset County, Pioneer Green. And we were right on the cusp of that happening when Patuxent River, when our defense contractor stepped up and said that that would be awkward. We have a solar array there. Not awkward, it would really be harmful to their business model there down at Patuxent River. And that project was sadly defeated at that time.

What I'm trying to say to you is, with our solar array, certainly we generate about a 2.2 megawatt energy for our consumption there. We do other things. And this clearly will allow us to be a clean end user and a best corporate citizen and a university citizen for our environment.

Respectfully, I ask for your favorable report. And as the summer goes forward, Governor and Madam Treasurer and Comptroller, on behalf of President Anderson, I invite you to the campus. Please come down. You know, we're LEED certified. Our aviation engineering building is LEED certified. We have geothermal. And I look forward to seeing you on campus and respectfully, I have to say this, I look forward to seeing you on the Shore in my hometown, Ocean City, Maryland. Thank you so much and have a wonderful Fourth of July.

GOVERNOR HOGAN: Thank you --

TREASURER KOPP: Governor, could I ask the Senator a question?

GOVERNOR HOGAN: Sure.

TREASURER KOPP: Or maybe you, I don't know. Has anyone gone back, did anyone go back to the Navy after they nixed the plans for the wind turbines?

MR. MATHIAS: If I could, I have to tell you that it was the first time and the only time that our dear friend the Majority Leader Steny Hoyer --

TREASURER KOPP: -- I remember it well --

MR. MATHIAS: I remember it too. I was the last standing Democrat, Madam Treasurer. Everybody kind of left me in the lurch there. But he promised me that we would be able to work this out. To date, we have broached that a few times. That has not been able to happen, I'll be very honest with you. But I have his good pledge to go forward. But this is important --

TREASURER KOPP: -- pursued alternative renewables --

MR. MATHIAS: -- well, we have as I have illustrated --

TREASURER KOPP: -- what you have.

MR. MATHIAS: Yes. And again, I like to say practical and pragmatic. This is a practical and pragmatic decision to move forward. And you know, the one thing that we're struggling with today are these budget cuts. The savings, the savings that this will allow. And as an HBCU, every dollar is

critically important. It will go to the bottom line, our first generation students. It's critically important. As we are recovering from COVID, we don't know the depths of it. But I want you to know this, on behalf of President Heidi Anderson, we are a solid partner and we appreciate the work that you do.

And I just have to say this as a person that has been, that I too, Governor, share Treasurer Kopp's glee in your good health report. And you understand where I'm coming from, I won't belabor it. But God bless you and all.

GOVERNOR HOGAN: Well, thank you very much, Senator. And

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COMPTROLLER FRANCHOT: Governor, can I --

GOVERNOR HOGAN: -- last but not least, we're going to hear from Charles Glass, who it may be his first Board of Public Works meeting but we're going to have him be the last speaker. Oh I'm sorry, was there a question?

COMPTROLLER FRANCHOT: No, I just wanted to thank Senator Mathias for his long career in public service and say, personally, I happen to think as much as I love UMES, they are lucky to have you, Senator. And just keep being a champion for the Eastern Shore.

MR. MATHIAS: Thank you, and I'm grateful for our relationship. Thank you so much.

GOVERNOR HOGAN: I'll second that, too, Mr. Comptroller.
Mr. Glass?

DR. GLASS: Good morning, Governor Hogan, Madam Treasurer, and Mr. Comptroller. For the record, my name is Charles Glass, and I am the new Director of the Maryland Environmental Service. I am humbled and honored by the appointment of the Governor to this position, and I look forward as an environmental engineer and as engaged in Maryland to continue to move forward the administration's goals and the goals of the Climate Change Commission, for which I have been a part of the Adaptation Response Working Group and the Scientific Technical Working Group for the last few years, and both positions as Assistant Secretary at the Maryland Department of Transportation and as Deputy Secretary at the Department of Natural Resources.

These two contracts are critical to advancing improvement of the boilers at the Eastern Correctional Institution. The system is already 30 years old and has reached its useful life. The current debarking and wood chipping uses a lot of diesel fuel for the production of the wood chips and for the delivery to the site. In addition, this is a 365/24/7 operation and the residents of the ECI really rely on that heating that comes from this boiler. Technology has moved a long way in the last 20 years, 30 years, and there are a lot more advances on the way.

I'm not here to really discuss the pipeline in particular, but I would like to acknowledge the fact that Chesapeake Utilities has entered a partnership

with Bioenergy Development Corporation to bring renewable natural gas to customers on the Delmarva Peninsula. This was announced about a month ago. It's been done in partnership with MES with my predecessor, developing this opportunity. The company is based in Howard County. And this is really a new way of especially, Madam Treasurer, for the anaerobic digestion of all the food waste that's produced down on the Lower Eastern Shore. It actually is a carbon negative technology, where if you are familiar with anaerobic digestion, there will be a solid inert component of carbon that's the result of anaerobic digestion as well as the production of biogas. And that material can be placed in the soil, nutrient rich and carbon, as I say, carbon negative in storage.

So with that, I'll answer any questions. I do have my Managing Director for Environmental Operations Steven Tomczewski and Chief Engineer of Water/Wastewater Ellen Frketic to assist me with any answers that, given my recent appointment, that I am unable to answer. But thank you very much for your time. I'm here to answer any questions.

TREASURER KOPP: I do, Governor --

GOVERNOR HOGAN: It sounds like you are up to speed already. You know, you didn't waste any time, you know, taking over from that guy, McGrath.

TREASURER KOPP: Can I ask Dr. Glass a couple of questions?

It's good to see you there. And I know that you have been an active leader on the

Climate Change Commission and its work groups. So I'm asking you that, in the context of the concerns that we have heard about increasing use of fracked gas in your area and the question of methane leakage because of new pipelines, etcetera. Could you or some of your people address that? Because we know the situation isn't good now. We know something has to be done. The question is whether this is the least harmful and the critics say that it's encouraging fracked gas. You talk about renewable natural gas. Which is it?

DR. GLASS: So, you know, the critical issue is having the infrastructure to move forward into the next phase on all of these projects. You know, anaerobic digestion and production of biogas as a renewable natural gas is not new in wastewater treatment. And this, the company, Bioenergy Development Corporation, has over 200 facilities around the world and is just launching operations in Maryland. With the pipeline in place as a distribution network, it will be able to accept this renewable natural gas. And just like your electricity at home, the customers, MES is just the engineers of record on this project.

TREASURER KOPP: Right.

DR. GLASS: The customer is the Eastern Correctional Institution and the University of Maryland Eastern Shore, will have the choice to select their natural gas purchase. So even though the entire system will have this natural gas in place, customers will be able to choose their natural gas source, at least the

money that goes to further invest in the projects. Just as you can choose on your Pepco bill, I'm assuming, you can choose wind or solar or renewables. And if there is a differential in cost, you choose to pay that difference. But the customers will be able to make that choice with the natural gas and the natural gas sourcing. So this is a shift in the natural gas industry. I am not an engineer, energy engineer. However, I have read recent documents, including from the United Nations, that suggest that this is a path forward.

In addition, for this infrastructure to be in place, if hydrogen fuel cell technology advances and becomes the final energy for distribution, then this pipeline would allow Somerset County to participate in that. And without it, they would be having trucked (indiscernible). I know that there is a busy Agenda and I just want to be brief in my responses.

TREASURER KOPP: I'm not quite sure I understand the response. But Governor, you are on record, as the State is, not wanting fracking here and not wanting to be dependent on fracked gas. Is there a way that we can see that at least the State institutions don't go in the wrong direction? I guess we're opening it up for the entire Somerset County area. I'm a bit concerned.

GOVERNOR HOGAN: I understand your concern. But I mean, this has been, this has been in the works for I think five years. This has, I think this clean natural gas is much better than burning crude oil and burning trees --

TREASURER KOPP: Yes, I --

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GOVERNOR HOGAN: -- step in the right direction and all the things that Administrator Glass just talked about is I think doing a lot to improve the environment. And I think we're already obligated to Chesapeake Utilities with a \$1 million a year commitment from the State for not closing. So there's no budgetary concerns. And I think they have addressed all the environmental concerns. I think it's much, much better for the environment and I think we ought to move forward. But I understand if there are concerns we ought to talk about them.

TREASURER KOPP: Well, I understand. It is an improvement and I agree with Senator Mathias, you can't let the perfect be the enemy of the good and we have to do something. But I'm not quite sure I understand how we can do this and still have some control over the type, the origin of the gas that we are using and meet the mandated greenhouse gas goals that you and the Legislature and everyone have subscribed to and enacted into law, where this fits in.

GOVERNOR HOGAN: I'm not sure we're going to be able to resolve all of that today at this meeting. But it's a great discussion to have.

TREASURER KOPP: Has the Department of the Environment, the Head of the Climate Change Commission, taken a stand on this?

GOVERNOR HOGAN: I mean, they have been talking about this project since 2015. I'm not sure now is the time to bring up these issues. But I don't have any of those folks here to talk to you about it.

TREASURER KOPP: Well, this is the only time I've been voting on it.

GOVERNOR HOGAN: Yeah.

COMPTROLLER FRANCHOT: Could I just comment, Governor, Madam Treasurer? You probably have forgotten. But I was the Subcommittee Chairman in Appropriations many years ago --

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: -- that approved the wood chip thing.

TREASURER KOPP: I know.

COMPTROLLER FRANCHOT: We thought it was --

TREASURER KOPP: -- it was a great --

GOVERNOR HOGAN: So it's your fault.

COMPTROLLER FRANCHOT: -- you know, a great idea. It turned out to be not so great, I guess. But I think, I thought I saw just recently that the largest gas fracking company in the world are filing for bankruptcy. They are ironically named Chesapeake Energy and they are based out in Oklahoma. But the whole fracking industry right now is going through a significant

shrinking. But obviously, the Treasurer always is correct in saying we want to pay attention to the future. I don't really think this is the do we support fracking or not type of issue that we need to resolve right now. And I know --

TREASURER KOPP: I guess that's really my question. Can we go forward with a design of the pipeline, etcetera, and not be committed to continue to discuss the question of the origin, the nature of the gas? It has to go to the PSC anyhow. We don't know. No one knows. No one can answer.

COMPTROLLER FRANCHOT: -- with this with the Treasurer's caveats, and I think there's a good one, that you need to keep us in the loop as far as is this renewable or is this just, you know --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: -- it was attached to this thing. I would be interested in that. But I do think the fracking industry as a whole is, you know, on a, you know, it's not hanging by a thread but it's in a very fragile economic situation.

TREASURER KOPP: Well, that would be good.

GOVERNOR HOGAN: Any other questions on this item? Any other questions on the remainder of the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Is there a second? I'll second. This is, I think we took the budget items off. So this is the remainder of the Secretary's Agenda. It's been moved and seconded. All those in favor?

COMPTROLLER FRANCHOT: Aye.

GOVERNOR HOGAN: Aye.

TREASURER KOPP: Aye, with the understanding we'll continue to pursue this question of not using fracked gas.

GOVERNOR HOGAN: Sure. I'm sure the PSC will take a look at those concerns. Now we're going to move on to the DNR Real Property Agenda.

MS. HADDAWAY-RICCIO: Hi, good morning, Governor and Madam Treasurer, Mr. Comptroller. For the record, I'm Jeannie Haddaway-Riccio, the Secretary of the Maryland Department of Natural Resources. And we have six items on our Real Property Agenda today for which we are seeking approval. And we're happy to answer any questions you may have.

GOVERNOR HOGAN: Well, good morning, Madam Secretary. Are there any questions on the DNR Agenda?

COMPTROLLER FRANCHOT: If there aren't, I'd move approval. But it's always good to have the Secretary with us. And thank you for doing a great job. Because I know people are flooding the parks right now.

MS. HADDAWAY-RICCIO: Yes --

GOVERNOR HOGAN: This weekend will be busy.

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MS. HADDAWAY-RICCIO: Yes, for sure.

GOVERNOR HOGAN: Is there a second on the DNR Agenda motion, Madam Treasurer?

TREASURER KOPP: I would second that. I'm sorry, Madam Secretary, we never seem to have anything to pick at you on. But thank you.

MS. HADDAWAY-RICCIO: I'm okay with that.

GOVERNOR HOGAN: I'm sure we'll find something, though. We'll work hard. So it's been moved and seconded. The vote is three-nothing. We'll move up next to the University System Agenda. And I want to welcome Tom Hickey, who is presenting the University Agenda for the first time, I think. He has taken over for Joe Evans, who retired last month. So we're sorry to see Joe go after so long, but we're very happy to welcome you, Mr. Hickey. And thank you for joining us.

MR. HICKEY: Thank you, Governor, good morning to you, to the Treasurer, Comptroller Franchot. I'm representing the University System of Maryland. We are presenting seven items for your consideration. We are withdrawing Item 7. And I have a team of people backing me up to answer any questions you may have.

GOVERNOR HOGAN: Are there any questions on the University System Agenda? Is there a motion?

TREASURER KOPP: Could I just ask one brief question? The School of Public Policy, you are still going forward with working on the School of Public Policy, right?

MR. HICKEY: That is correct. Madam Treasurer, we should be bringing that item back at the first meeting in August.

TREASURER KOPP: Thank you. Thank you, Governor.

COMPTROLLER FRANCHOT: I would move approval unless there are other questions. And I was glad you asked that one, Madam Treasurer.

GOVERNOR HOGAN: Is there a second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Great. The motion carries three to nothing. We'll move on to the Department of Transportation Agenda.

MR. SLATER: Good morning, or I'm sorry, good afternoon, Madam Treasurer, Mr. Governor, Mr. Comptroller. For the record, my name is Greg Slater, Secretary of the Maryland Department of Transportation. And the Maryland Department of Transportation is presenting 12 items today for your consideration. I am here as well as representatives to answer any questions you may have.

GOVERNOR HOGAN: My question is, what is the traffic going to be like on the Bay Bridge this weekend for the Fourth of July?

MR. SLATER: You know, we're planning to space it out a little bit. But we expect some increased traffic. But of course, this year's holiday comes with a different kind of safety challenge and health threat. So you're going to see some of that messaging in what we do as well.

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

TREASURER KOPP: Governor, I just want to thank the Secretary. Your CFO Jaclyn Hartman joined us yesterday, the Secretary and the Comptroller and DLS and I, in talking to the rating agencies and bringing them up to date with what's happening with the finances, the P3, and the Purple Line. I appreciate that very much. It's a difficult issue and we're not going to go into it right here, but I just want to thank you for having her there.

MR. SLATER: Thank you so much, Madam Treasurer. She does a wonderful job for us.

COMPTROLLER FRANCHOT: Yeah, let me just second the Treasurer. Because that was a potential thorn in the side of our application.

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: And she handled it very expertly. Obviously, there are still some big uncertainties out there but you know, she indicated that you guys were going to be down in revenues like I think \$500 million last year, \$500 million again this year that we've just entered. So she

really kind of set the groundwork and calmed down everybody's questions. And so thank you. I agree with the Treasurer.

MR. SLATER: Excellent.

GOVERNOR HOGAN: Thank you very much. Thanks for both, thanks to both of you for giving the compliment to his department. Any other questions on the Secretary's Agenda or is there a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Yeah, three-nothing on Transportation. We're going to move to Department of General Services.

MR. CHURCHILL: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Maryland Department of General Services. Today we have 33 items on our Agenda for your consideration, including one supplemental. And we are withdrawing Item 18. And we are available to answer any questions you may have at this time.

GOVERNOR HOGAN: Anybody have questions on the DGS Agenda?

COMPTROLLER FRANCHOT: I have a lot of confidence in the Secretary. I just want to make sure your staff continues to work with my staff on this emergency procurement, you know, oversight, I guess. And thank you for

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what's going on. And I just want to make sure that at the next meeting we have some kind of presentation.

MR. CHURCHILL: Yes. We are continuing to update the Board staff. I do want to thank the Comptroller's Office and the Treasurer's Office for the assistance. And we're going to get all the information that is required so that this can be reviewed by the Board. So thank you for your cooperation and patience.

GOVERNOR HOGAN: Thank you very much, Mr. Secretary. Is there a motion on DGS?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. Thank you very much. That concludes today's Board meeting. I want to thank my colleagues and I thank everybody for joining us, and we'll look forward to seeing you in a couple of weeks. Thank you.

COMPTROLLER FRANCHOT: Thank you, Governor.

(Whereupon, at 12:07 p.m., the meeting was concluded.)