MARYLAND ECONOMIC DEVELOPMENT COMMISSION (MEDC)

VISION STATEMENT

Our mission is to create an economic development culture in Maryland that will maximize our great assets and create quality jobs. We will Retain, Grow and Attract companies through outstanding customer service while creating the highest level of prosperity for all Marylanders. We will be one of the best states in America to live, work and play.

Respectfully submitted to the General Assembly of Maryland by

Mr. Anirban Basu, MEDC Chairman
Julie Woepke, MEDC Executive Director
Secretary R. Michael Gill
Maryland Department Commerce
401 E. Pratt Street
Baltimore, MD 21202
December 2015
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**MEDC Background**

The Maryland Economic Development Commission was established in 1995 by Mr. James T. Brady, then Secretary of the Department of Business and Economic Development (DBED). On April 28, 2015, Governor Larry Hogan signed into law House Bill 943, which restructured the Maryland Department of Business and Economic Development and renamed it the Maryland Department of Economic Competitiveness and Commerce. The department was renamed the Department of Commerce ("Commerce") by Executive Order effective on October 1, 2015--the same date that the legislation became effective. The legislation also reformed the MEDC by expanding its membership and role. Under the legislation, which became Sections 2.5-201 through 2.5-207 of the Economic Development Article of the Maryland Annotated Code, the purpose of the Commission is to:

1) establish economic development policy in the State;
2) advise the Commerce Secretary on economic policy in the State;
3) oversee the operations of the Department and its units including the Department’s efforts to support the creation of, attract, and retain businesses and jobs; and
4) monitor the operations of the Maryland Technology Development Corporation, the Maryland Economic Development Corporation, and the Maryland Public-Private Partnership Marketing Corporation, including the efforts of those entities to support the creation, attraction, and retention of businesses and jobs. (see Section 2.5-202)

Additionally, the MEDC is to develop and update an economic development strategic plan that will drive the Department of Commerce’s legislative agenda, programs, staffing and budget priorities. From its first meeting since being reconstituted in May 2015, the MEDC has undertaken an aggressive and collaborative approach toward fulfilling its statutory mandate.

The MEDC is chaired by Mr. Anirban Basu, Chairman and CEO of Sage Policy Group, Inc., an economic and policy consulting firm in Baltimore, Maryland. Mr. Basu is a nationally recognized economist, recently focusing on health economics, the economics of education and economic development. The Department of Commerce is led by Secretary Mike Gill, an energetic and visionary leader, charged with directing the implementation of strategies that foster economic growth and increase Maryland’s competitiveness.

**Membership**

The MEDC is comprised of 25 voting members from all regions of Maryland, appointed by the Governor, the Senate President, and the House Speaker, two non-voting members--one appointed by the Senate President and one by the House Speaker; and four non-voting ex officio members who represent Commerce, the Department of Licensing and Regulation (DLLR), the Maryland Economic Development Corporation (MEDCO), and the Technology Development Corporation (TEDCO). The Commission is responsible for developing economic policy recommendations that foster economic growth and increase Maryland’s competitiveness. Commission members work with the Administration, the General Assembly, Maryland’s business community and the general public to advocate pro-business policies.
Three informal subcommittees were established during 2015. The Rankings Subcommittee, chaired by Susan Schwab, analyzed the State’s position in several business-related rankings, the input and output factors that influence rankings and made recommendations on policy and tax issues that could improve the State’s rank. The Economic Programs Subcommittee, chaired by Aris Melissaratos, reviewed the Department of Commerce and TEDCO Financing Programs and DLLR Workforce Programs. Both the Economic Programs and the Rankings Subcommittees recommendations were considered during the strategic planning process. The third Subcommittee was the Strategic Plan Subcommittee chaired by Jim Brady. Through the Office of Commerce Secretary Gill outreach was solicited to more than 165 stakeholders across the state. These included county economic development directors, regional organizations, chambers of commerce, chief executive officers, tourism, film and arts leaders, and legislators. Feedback from these varied business customers was discussed in a retreat with the Subcommittee members and senior leadership from the Department of Commerce.

The Strategic Plan Subcommittee presented a vision to the Commission and it’s the cornerstone of the Strategic Plan which is remains in draft form. The MEDC will be completing the plan and presenting it to the Governor in early January.

2015 Meetings

During 2015, the Commission held meetings on May 21, July 7, September 2 and November 23, 2015. The meetings were held at several locations in the state. The May 21st meeting was held at the Department of Commerce in Baltimore City. The July 7th meeting was held at the Governor’s Reception Room at the State House in Annapolis. The September 2nd meeting was held at the Conference Room in the Governor’s Office in Baltimore City. The November 23rd meeting was held at the Spartan Professional Development Center in Prince George’s County. Minutes of the meetings are found in Appendices B-E.

2016 Meetings

Meetings for 2016 have been scheduled for February 1, May 19, September 13 and September 13, 2016. Locations are being identified and posted on the Department of Commerce website.

Closing Statement

For 2015 and moving forward, the MEDC proposes the following vision for enhancing economic development and improving the state’s competitiveness and will be presenting specific strategies in a Strategic Plan due for release in early January, 2016.

VISION:
“Our mission is to create an economic development culture in Maryland that will maximize our great assets and create quality jobs. We will Retain, Grow and Attract companies through outstanding customer service while creating the highest level of prosperity for all Marylanders. We will be one of the best states in America to live, work and play.”
APPENDIX A

MEDC VOTING AND NON-VOTING MEMBERS

Anirban Basu, Chairman, Chief Executive Officer, Sage Policy Group
Martin Brunk, CPA; MEDC Vice-Chair; Office Managing Partner, RSM US, LLP
Kenneth R. Banks; President, CEO and Founder, Banks Contracting Company, Inc.
Howard B. Bowen; CEO of Ewing Oil Company
James T. Brady; Board Member of Dunbar Armored, Inc., and former Secretary of Maryland Department of Commerce
Raymond J. Briscuso, Jr.; Executive, MedTech Conference Partners
Ed Coleman; Retired Chairman and CEO, Unisys Corporation
Annemarie Dickerson; Owner, Francis Scott Key Family Resort
Edward M. Dunn; CEO of American Mechanical Services
Joshua Greene; Partner, Squire Patton Boggs
Timothy Hodge; Principal, Miles & Stockbridge
Martin Knott, Jr.; CEO, Knott Mechanical
Manish Kothari; President/CEO, Sheladia Associates, Inc.
Aris Melissaratos; Dean, Brown School of Business and Leadership, Stevenson University, and former Secretary of Maryland Department of Commerce
Michael G. Miller; CEO, OGOS Energy
Laura Neuman, former Anne Arundel County Executive
Brian C. Rogers; Chairman of T. Rowe Price Group
Susan Schwab; Professor, University of Maryland
A. Nayab Siddiqui; President, Scientific Systems & Software International Corporation
Robert Smelkinson; Chairman (retired), Smelkinson Sysco Food Services, Inc.
Brenda A. Smith; Executive Director, The Greater Cumberland Committee
Harold Stinger; Chairman of the Board, Stinger, Ghaffarian Technologies (SGT), Inc.
Robert L. Wallace; President and Chief Executive Officer of Bith Group Technologies
Julian B. Wills, Jr.; Chairman, President and CEO of The Wills Group, Inc.

Non-voting ex-officio Members

R. Michael Gill, Sr.; Secretary of Commerce
Benjamin F. Kramer; House of Delegates, District 19, Montgomery County
Brian J. Feldman; Senate, District 15, Montgomery County
Kelly Schulz; Secretary of Maryland Department of Labor Licensing & Regulation (DLLR)
Robert Brennan; Executive Director of Maryland Economic Development Corporation (MEDCO)
Robert Rosenbaum; President & Executive Director of Maryland Technology Development Corporation (TEDCO)

Commerce Support:
Julie Woepke, Executive Director, MEDC, Office of the Secretary
I. Call to Order/Introduction of Members

Chairman Basu called the meeting to order, welcomed attendees and Commissioners introduced themselves and their businesses/affiliations.
II. Welcome and Discussion of DBED Priorities

DBED Secretary Mike Gill welcomed members and referred to the meeting as an inaugural kick off since the new Administration took office in January, 2015. He stated this Commission will be the Economic Development Commission for the State of Maryland and will play an important role in moving economic development forward in the state. He commented the Commission will be well informed, in regular engagement and will be requested for input.

III. Maryland Economic Development Commission

Secretary Gill reviewed the purpose of the Commission is to advise and establish economic development policies and monitor and oversee operations of the Department. Through the operations of the Secretary, the Commission will monitor the Technology Development Corporation (TEDCO), Maryland Economic Development Corporation (MEDCO) and the new Maryland Public-Private Partnership Marketing Corporation. TEDCO and MEDCO do not directly report to the Secretary but recently enacted legislation states that he has an engagement with both monitoring, advising and siting on the Boards. He added that once the Marketing Partnership is established under the Secretary of Commerce, it will be referred to as the P3 - Public Private Partnership.

IV. Discussion of MEDC DBED Priorities

Secretary Gill briefed the members on the highlights from the February, 2015 Maryland Economic Development and Business Climate Commission (commonly referred to as the Augustine Commission Report). The 15 month old Commission was established by Senate President Miller and Speaker of the House Busch. The Commission’s charge was to examine the State’s current economic development structure, incentive programs and make recommendations to keep Maryland competitive in economic and private sector growth and prosperity. The report contained 32 recommendations including the following:

Highlights:

a) Creation of a Secretary of Commerce.

b) DBED will be renamed the Department of Economic Competitiveness and Commerce (DECC).

c) Elevate and enhance MEDC.

d) Maryland Venture Fund, Maryland Venture Fund Authority and BioMaryland Grant Program will move to TEDCO.

e) Creation of a Subcabinet under the Secretary of Commerce comprised of Commerce, Transportation, Planning, Department of Labor Licensing and Regulation (DLLR), Environment, Housing and Community Development and Minority Affairs.
Secretary Gill then reviewed the proposed DECC organization chart found in the presentation materials attached. He highlighted new functions related to the new Office of the Secretary of Commerce - the Office of Business Ombudsman, MEDCO, TEDCO and the P3 Marketing Corporation. He then reviewed the new Offices under the Executive Director of DECC noting special emphasis to be given to outlying or rural counties, defense, federal facilities, cyber, unmanned systems and business development.

Secretary Gill described near term DBED priorities such as the Listening Tours and Tax Incentive and Finance Program Review. He also highlighted accomplishments, opportunities, prospects, defense industry opportunities, tourism film and the arts and marketing messaging. Presentation may be found as Attachment 1.

Secretary Gill took questions from the Commissioners. There was a wide ranging discussion of several topics including the designation of the Secretary of Commerce, recent negative actions in Baltimore City and damage to State’s reputation and image, momentum of change in the State, reduction of tolls, Maryland assets and a need for positive attitudes and the next phase of the Augustine Commission to address Maryland’s tax structure.

V. Administrative Duties

DBED Assistant Attorney General and Principal Counsel Laila Atallah reviewed the Open Meetings Act. The Commission is a public body subject to this Act. Each meeting must be announced publicly and meeting minutes may be made public if requested. There are limited circumstances where meetings can be closed to the public. Meeting material would be available to the public even though they are not included during the closed session. Also, any formally created committees and subcommittees will be subject to the open meetings act.

Ethics Law – To serve on this commission, there has to be a filing of public disclosures. There is a short form and a long form. This commission requires the long form because of the extensive requirements of Commission service approving i.e. finance program regulations and reviewing the DBED budget. She then gave examples of transition from a public citizen a Maryland public official.

VI. “State” of Maryland

Anirban Basu as Chairman and Economist gave his opinion that the State is underperforming more than any other State in the Union. He stressed the importance for the Commission to consider all of Maryland in guiding economic development. He explained that the Commission is under the Executive Branch and can create its own path. He added that as a Commission Member it is important to speak on agreed upon matters - where there is consensus. He said there is an opportunity to build a consensus and be the voice of Maryland business as there that not been one for some time. He blamed businesses because they complain about taxes and regulations. While it’s worth complaining, businesses need to be able to express which taxes or regulations are negatively impacting business. If the Commission seeks change it must identify
the changes and be able to communicate how the changes will benefit the entire State not just businesses.

Chairman Basu stated one of the benefits of viewing economic development on a statewide perspective is the need for economic diversification. The State has become excessively dependent upon federal government revenue and too dependent of federal government contracting. The State must also realize that while the FBI project would bring 11,500 desirable high tech jobs, the Federal Government has fiscal constraints.

Chairman Basu went on to quote several rankings and economic diversification opportunities. He addressed Maryland’s personal income tax rate, corporate income tax rate and right to work, stating the need to work through those issues. He addressed how the recent uprisings in Baltimore impact the perception of Maryland from outside the State, increases in homicide and shooting rates and the opportunities to make change. The Commission has the opportunity to influence this change and start targeting people that we would normally not talk to as businesses.

He concluded with citing that statistically over the last five years, Maryland has added 137,000 jobs translating to 5.5% job growth. The nation in the same five year period experienced 8.7% job growth. If we had grown jobs just as fast as the country, that would have added 80,000 more jobs then we have today. There are 169,209 people unemployed in Maryland. So we would have made a big dent in that unemployment rate if we would have grown jobs at the rate of the nation, but we didn’t because we are underperforming. He added that Maryland should be one of the great performers in the nation.

Members added that an important point of the Augustine Commission Report was the attitude of businesses. Businesses need to have the resolve to change. A member stated there are a lot of issues regarding optics/perceptions since the uprising in Baltimore. Another mentioned the need for a “This Is Maryland Campaign” similar to the “Start Up New York” Campaign. Given our assets we have a lot to market. A member questioned including a member from Marriott Corporation on the Commission given the recent discussions of relocating or a Perdue representative from the eastern shore. Another member mentioned there are a lot of companies with job openings, but it is hard to fill the positions with people that are skilled and qualified. Another added, creating jobs will help reduce the unemployment rate.

Secretary Gill stated that in an effort to be all inclusive – one State, the MEDC meetings will be moved to different locations. He also stated that seven of the 32 Augustine Commission recommendations related to workforce initiatives and apprenticeships. DLLR has most of the workforce initiatives in the State but we need more strategies to expand apprenticeships. It is not for lack of initiatives, but probably have the lack of coordination. Chairman Basu also mentioned that issue of cultural differences and expected behaviors on the job as challenges for employers.
VII. Tourism “5 Senses Campaign”

Acting Assistant Secretary of Tourism Film & the Arts Bill Pencek presented the new “5 Senses Campaign” based on rigorous marketing in the Office of Tourism Development. The campaign is based on research and markets directly to the consumer market. The Tourism website receives two million unique visitors per year at visitmaryland.org. The monthly e-newsletter has 138,000 subscribers and is growing. The Office serves as the State’s official Travel Marketing agency promoting Maryland attractions and combinations of services to increase visitor spending providing residents and out of state visitors with information on services to ensure a positive trip experience. The Office operates all the Welcome Centers in the State and positions Maryland as a competitive destination. The 5 Senses Campaign presentation is included as Attachment 2.

Mr. Pencek attributed the visitor increase to the 2014 Star Spangled Spectacular Celebrations. Maryland has seen a market share increase nearly 12% since 2007. 80% of our visitors come for the leisure travel market which grew 7.4% in 2014 and over 51% since 2007. 20% of business travelers are frustrated, declined seven-tenths of a percent in 2013, but it is up overall 8.1% since 2007. Southern Maryland took a big hit and the capital region. Overnights were up 6% in 2014. The biggest portion of the travel dollars were spent in hotels and places of accommodations. This is up nearly 42% since 2007 and day trips were up 5.6%.

Visitors are coming from Maryland, Washington, DC, Philadelphia, New Jersey, Harrisburg, and Hershey. We are currently not a big international destination.

VIII. Recognition of Commission Members and Discussion

Secretary Gill acknowledged the work of two departing Commissioners - Ellen Moyer and Dr. Landon King. He stated there are two or three vacancies and the composition of the Commission will change slightly in October. Chairman Basu called for interest in the Vice-Chair position.

Question: Are we looking for a certain number of additional members at this point?

Answer: When you look at the statutory language that governs the makeup of MEDC, there has to be regional diversity. There has to be a certain number of members appointed that represent the regions of the state to have balance. There are 4 terms ending June 30, 2015 and there may be some individuals that are still serving but their terms have already expired.

Question: Is there an interest to keep the Washington Football Team in Maryland?

Answer: They are a Maryland business, employing Marylanders, and bringing visitors to our state, so they should be. That is something that will be added to a future agenda.
We want to create better jobs. MEDC’s goal is to be an advocate for the Secretary of Commerce to help him recognize priorities. This meeting was introductory and setting forth the rules. The next meeting will be all about getting down to work and the agenda will reflect it.

During the Joint Hearing for the Augustine Commission bills rankings came up. Secretary Gill stated there are lots of flaws, but he believes in rankings. He stated we need to have a consensus to determine those rankings that are most important.

Future Meeting Date

Next MEDC meetings will be in July, September and November.

IV. Adjournment
APPENDIX C

Maryland Economic Development Commission (MEDC)
Tuesday, July 7, 2015
Governor’s Reception Room, State House
100 State Circle, Annapolis, Maryland

Commission Members in attendance:

Anirban Basu     MEDC Chairman, Sage Policy Group
Ward Barney     Cadista Pharmaceuticals
Howard Blackwell Bowen  Ewing Oil, Inc.
James Brady     Dunbar Armored
Raymond Briscuso, Jr.   MedTech Conference Partners
Martin Brunk     MEDC Vice Chairman, McGladrey, LLP
Ed Coleman     Unisys, Retired
Edward Dunn     American Mechanical Services
Manish Kothari   Sheladia Associates, Inc.
Rick Martinez     Project Enhancement
Aris Melissaratos   Stevenson University
Susan Schwab     University of Maryland
A. Nayab Siddiqui   Scientific Systems & Software
Dana Stebbins     The Cornelius Group
Lock Wills     The Wills Group
Robert Wallace    Bith Group Technologies
R. Michael Gill    Maryland Department of Business & Economic Development (DBED), Ex-officio

Guests:

Lawrence J. "Larry" Hogan, Jr.     Governor
James D. Fielder, Jr. PhD     Secretary of Appointments
Craig Williams     Chief of Staff, Office of Governor Hogan
Steven Schuh     County Executive, Anne Arundel County
Robert Hannon     President/CEO Anne Arundel Economic Development Corporation
Bernie Marczyk     Director of Government Affairs, Anne Arundel County
Sally Guy     Analyst, Department of Legislative Services
Philip Cronin     Harris Jones & Malone
Bryson Popham     Army Alliance
Andrea Mansfield     Maryland Association of Counties
Lyle Bennett     Alexander & Cleaver
Josh Hick     Washington Post
Sigourney Okpdra     Policy Intern, Senator Roger Manno
Chelsea Beaupra     Johns Hopkins
IX. Call to Order/Introduction of Members

Chairman Basu called the meeting to order, welcomed attendees and Commissioners introduced themselves.

X. Welcoming Remarks

Governor Larry Hogan addressed the Commission and expressed his excitement to have a leading economist as the Chair and a Commission comprised of the smartest minds that will serve as a personal Board of Directors. He stated that Maryland has many positive attributes and has underperformed. The Governor stated he would look to the Commission to give advice on taxes, revenues and focus on making the State competitive and great. He said he needed all members’ expertise and thanked all for serving.

XI. Anne Arundel County Economic Development Priorities

As the meeting was held in Anne Arundel County, County Executive Steven Schuh was invited to address the Commission to discuss County priorities. County Executive Schuh outlined the County’s Five Point Plan:

1) Reduce property tax by 3%;
2) Improve education systems by reducing school size;
3) Increase public safety;
4) Reform County Government; and
5) Improve waterways.

He reported the recently passed budget advanced every priority.

The County Executive then outlined six economic development priority projects:

1) 400 acre Defense Logistics Agency (DLA) property – this is an industrial zoned property awaiting Department of the Army to surplus to State then transferred to County for redevelopment;
2) Underutilized Tipton Airport;
3) Odenton Town Center Tax Increment Financing (TIF) to jumpstart a transit oriented development parking structure at the Odenton MARC Station;
4) Redevelopment of Crownsville Hospital;
5) Maryland Agriculture Center demonstration project; and
6) Cyber industry and support to the organizations on Fort Meade that protect the country.

**XII. Economic Trends and Updates**

Maryland Department of Business and Economic Development (DBED) Secretary R. Michael Gill addressed the Commission highlighting the Department reorganization that is underway with resources being placed where needed to measure success. He indicated the State gained 30,000 jobs for the period of April-May, 2015 which resulted in the 5th highest rate per capita increase in the country during those two months. During the last six years he added, Maryland’s Gross Domestic Product (GDP) has outperformed Virginia and once the State’s tax policies are addressed and the business attitude improves, Maryland will be unstoppable.

Secretary Gill and DBED staff presented an overview of several high impact marketing events of the past six weeks. (Presentation may be found as Attachment 1). Secretary Gill highlighted GEOINT 2015 (Geospatial Intelligence) 2015 Symposium which brought defense, intelligence and homeland security executives to Washington, DC. DBED’s participation resulted in retention visits, a Technology Transfer Agreement with the National Geospatial Agency (NGA) and opportunities for increased involvement in the Space Business Roundtable and Next Generation Earth Observation Working Group.

Deputy Secretary Ben Wu presented a summary of the Governor’s Asian Investment and Trade Mission. The Mission, held May 26-June 6, 2015 had an estimated impact of $10B and demonstrated the State is a global player. Over 100 meetings with Maryland companies doing business in Asia or Asian companies investing or interested in investing in Maryland businesses were held. Memorandums of Cooperation and Agreement and academic partnerships were signed and high level business and government meetings were held. Announcements made resulting from the Mission included Under Armour; Marriott International, RTKL, Shanghai Tongji Biological, Ankang Shimao Biotechnology; Dominion Energy; and Shimadzu Corporation.

Singe Pringle, Program Director, Office of International Investment and Trade addressed the Commission and described the Paris Air Show held June 15-21, 2015. Lt. Governor Boyd Rutherford led the Maryland Delegation of business leaders. The Delegation developed relationships, gained market intelligence and supported marketing of Maryland businesses.

Judy Costello, Acting Executive Director, BioMaryland presented the State’s participation in Bio International 2015. Maryland first showcased with the organization in 2004. Since that time, the State has grown its presence, participation and support to Maryland businesses seeking to market capabilities and partner with organizations, researchers and investors through this Trade Show.

Commissioners inquired what led to the success of the Trade Mission and Paris Air Show and why they were different than previous Missions and Trade Shows. Staff explained advance planning, deliverables and focused meetings at a high level were key. A Commissioner inquired
what areas in the world are under served and Brazil and Nigeria were named. It was also noted that Maryland is unique in that it has a robust international network but it has not effectively marketed itself.

XIII. Defense Industry Economic Impact

BGen Mike Hayes, USMC (Ret.), Managing Director of the Office of Military Affairs presented the highlights of an Economic Impact Study (EIS) of the 11 major Maryland Military Installations. The Study, reflecting the impact of the 2005 Base Realignment and Closure (BRAC) action, illustrates a growth in economic impact from $36B to $57B annually to the State’s economy representing 17% of Maryland’s output. (See Attachment 2 for EIS Summary)

BGen Hayes broadly outlined the missions at Maryland Installations and stated that Maryland needs to prepare for a future BRAC action. He discussed the Department of Defense budget reductions, opportunities resulting from a BRAC and steps to move forward to prepare.

Commissioners inquired about opportunities and vulnerabilities related to BRAC. Cyber skill sets, curriculum, and higher education related to Department of Defense and employers were discussed. Several cyber related collaborations, partnerships and programs were described.

XIV. Review and Approval of Minutes

Chairman Basu called for the Commissioners to review the minutes and called for a motion to approve. Dana Stebbins made a motion to approve, seconded by James Brady; the Commissioners voted unanimously to approve the minutes of the May 21, 2015 meeting.

XV. Discussion of Executive Committee and Vice – Chair

Chairman Basu explained his request and recommendation to select a Vice-Chair. Martin Brunk was nominated to serve as Vice-Chair. Manish Kothari moved to select Martin Brunk Vice-Chair, seconded by James Brady. Motion approved unanimously.

Julie Woepke of the DBED Office of Military Affairs then briefed the Commission on the Maryland Statute Section 2-204 (b) that allows a Vice-Chair if there is an Executive Committee in place. She suggested the Commission consider an Executive Committee to comprise of the Chair, Vice-Chair, DBED Secretary and the Chairs of Subcommittees.

XVI. Discussion of MEDC Priorities and Subcommittees

Chairman Basu then described the three proposed Subcommittees and purposes:

1) Strategic Plan – develop an Economic Strategic Plan for the State in concert with the DBED Secretary and a Strategic Plan for the Commission to measure progress.
2) Rankings – identify the most influential rankings for business location/investment decisions and the factors that result in the rankings. Develop strategies to influence the factors to increase the State’s ranking.
3) Economic Programs - review and monitor operations and programs of the Technology Development Corporation (TEDCO), Maryland Economic Corporation (MEDCO), the Public Private Partnership (P3) Marketing Partnership and DBED.

Commissioners discussed the functions and implementation of the recommendations of the Committees; the need for a concrete mission for the State; identification of factors that influence growth for all business sectors; strengths, weaknesses, opportunities, obstacles; honest assessments, various rankings, review of State policies and procedures impacting businesses, workers compensation review, cost of doing business, statistics used in rankings, prior Business Climate Subcommittee functions, new Regulatory Reform Commission; Transatlantic Trade opportunities; Greece – Eurozone opportunities for Maryland businesses and capitalizing on opportunities.

Secretary Gill then presented slides describing the influential factors that impact The Boeing Company’s decision to locate in a given state. The factors and rankings included tax policy; regulatory environment; political atmosphere; predictability; incentives and pro-business culture. Additionally, the structure and assets considered are workforce programs, education, relevant capital, diversity of industry and strong ecosystems.

Commissioners then discussed the involvement of the Legislative Branch of Government to participate in the Commission and cited the appointments to be made. Secretary Gill replied the Department is organizing two boot camps for legislators later in the summer to educate members on the importance of economic development and why it matters to the State. It was suggested that the Chairman forward a letter to the Senate President and the Speaker of the House to appoint their representatives and the designation of members of the Senate and House to become active members of the Commission. Chairman Basu agreed to send letters.

The Commission discussed inviting the Members of the Maryland Economic Development and Business Climate Commission (commonly referred to as the Augustine Commission) to address the Commission to explain their next phase of regulatory review and to ensure that duplication of efforts will not occur. Chairman Basu stated an invitation will be extended.

Commissioners then cited that there are regulations that may appear to be small (i.e. taxing auto leases) but have large impacts that should be reviewed to improve the State’s regulatory environment. Adding, there is a need to identify these regulations. Commissioners also inquired how regulatory agencies prioritize and stressed the need to collaborate with the newly established Regulatory Reform Commission.

Finally, the Commission inquired on the point of contact for Baltimore City as the recent unrest has left lasting impressions outside the State. It was explained the Governor designated Keiffer Mitchell, Jr. in his office to coordinate efforts.
XVII. Future Meetings

Chairman Basu reviewed the upcoming meeting dates and locations. September 2, 2015 will be in Frederick and November 23, 2015 meeting will be held in Prince George’s County.

XVIII. Adjournment

Chairman Basu adjourned the meeting at 4:45 pm.
APPENDIX D

Maryland Economic Development Commission (MEDC)
Wednesday, September 2, 2015
Governor’s Conference Room, 23rd Floor
6 St. Paul Street, Baltimore

Commission Members in attendance:

Anirban Basu        MEDC Chairman, Sage Policy Group
James Brady         Dunbar Armored
Raymond Briscuso, Jr. MedTech Conference Partners
Ed Coleman          Unisys Corporation, Retired
Timothy Hodge       Miles & Stockbridge
Manish Kothari      Sheladia Associates, Inc.
Aris Melissaratos   Stevenson University
Brian Rogers        T. Rowe Price
Susan Schwab        University of Maryland
Robert Wallace      The Bith Group
J. Blacklock Wills, Jr. The Wills Group
R. Michael Gill     Maryland Department of Business & Economic
                    Development (DBED), Ex-officio

Members as of October 1, 2015:

Ken Banks           Banks Contracting Company
Martin Knott        Knott Mechanical, Inc.
Delegate Benjamin Kramer  19th District, Montgomery County

Guests:

Craig Williams      Office of the Governor
William Cole        Baltimore Development Corporation
Tom Noonan          Visit Baltimore
Sally Guy           Analyst, Department of Legislative Services
Philip Cronin       Harris Jones & Malone

DBED Staff:

Ben Wu              Deputy Secretary
Brady Walker        Special Assistant to the Secretary
Laila Atallah       Assistant Attorney General
Allison Skipper     Managing Director, Marketing & Communications
Jayson Knott        Director, Business Development
Nancy McCrea        Director, Research
XIX. Call to Order/Introduction of Members

Chairman Basu called the meeting to order, welcomed attendees and guests particularly the new Commissioners whose terms begin on October 1, 2015. At the request of the Commission and with the assistance of DBED staff, letters were sent to the President of the Senate and Speaker of the House requesting their appointments to engage them in discussions as early as possible. Attending the meeting were Ken Banks, Martin Knott and Delegate Benjamin Kramer.

XX. Review and Approval of Minutes

Chairman Basu announced that due to lack of quorum, the review and approval of minutes from the July 7, 2015 meeting would be tabled until the November 23, 2015 Meeting.

XXI. Baltimore City Outlook

William Cole, President and Chief Executive Officer (CEO) of the Baltimore Development Corporation (BDC) addressed the Commissioners and provided an overview of the recent development projects planned and/or approved for Baltimore City. He highlighted the 42,000 square foot mixed-use Under Armour Performance Center which will attract a younger, millennium population to the downtown district. Mr. Cole reviewed several market rate apartments planned or under construction and described the Opportunity Collaborative Regional Plan for sustainable Development - a collective effort of governments, organizations and community partners to connect traditionally separate planning efforts and to develop new strategies to reduce regional disparities and improve the quality of life for all Baltimore citizens. He also discussed the close relationship with the Mayor’s Office of Employment and stated that there are several barriers to employment for Baltimore citizens including transportation and training.

Commissioners inquired about the coordinated efforts with the Maryland Department of Labor, Licensing and Regulation (DLLR) to identify needed skill sets to translate into training for Baltimore City residents. In response to Commissioners’ comments, Mr. Cole stated there is demand in additive manufacturing, cyber technology, biotechnology and a growing education technology industry. The addition of the MARC Commuter Train service to Washington, D.C. has had a positive impact to residential growth, particularly for the millennium generation. Under Armour and the University of Maryland Medical System have also played important roles as major employers in the City.

Mr. Cole presented a geographic analysis showing how the lack of transportation options and transit hubs restricts Baltimore City residents from accessing jobs. New apartment projects are under construction with limited parking to encourage transit. This also encourages attraction of goods and services to downtown. With the number of new residential projects approved or planned, the Downtown Partnership was successful at the recent International Council of
Shopping Centers (ICSC) conference to attract the interest of a grocery store and department stores to the City.

III. Baltimore Visitors Pulse

Tom Noonan, President and CEO of Visit Baltimore presented an overview of the bookings for the Convention Center. There has been a slight drop in bookings during the last quarter which may have been influenced by the unrest in Baltimore City in April of 2015, but that the bookings are rebounding. He stated a Trends, Analysis, Projections (TAP) Report was conducted looking at Baltimore and three comparable cities – Charlotte, NC, Philadelphia, PA and Washington, DC. 45 factors were considered and the conclusion was that Baltimore should be ahead of its ‘current bookings pace. The top three factors that influence bookings are crime and safety, limited size and age of convention center and lack of awareness. Due to the limited size, Baltimore has lost 4 million room rates during the last five (5) years. An ideal size for the convention center would be 600,000 square feet with a hotel at an estimated cost of $1B. Mr. Noonan added the desire to attract international tourists which could be done with more direct flights from international locations to Baltimore Washington International Thurgood Marshall Airport.

Mr. Noonan advised that Baltimore needs a national advertising campaign to market beyond locally. He cited that Austin, TX has a $30M budget to advertise its convention and tourism business. He concluded by describing the first large scale international light festival “Light City” to be held March 28 – April 3, 2016 that will attract thousands to the City much in the same fashion as Star Spangled Sailabration did in 2013.

Commissioners were appreciative of the presentations by Mr. Noonan and Mr. Cole but inquired why the discussion of education, higher education, in particular is not mentioned as a partner or factor in the City’s economic development plans. The City has numerous outstanding higher education institutions and private elementary, middle and high schools which should be part of the equation.

XXII. Governor’s Office Update

Chairman Basu welcomed and introduced Craig Williams, Chief of Staff to Governor Lawrence J. “Larry” Hogan to provide comments. Mr. Williams stated the Governor wanted to convey to Commissioners the importance of their participation in the economic development agenda and strategy for the State and that the Commission can make a critical difference. Mr. Williams highlighted several themes the Governor is proposing to marrying up – fiscal restraint, challenges structurally and fiscal discipline.

1) Tax reform and relief – Mr. Williams stated the Governor is looking at this group to drive what is a reasonable path forward for tax relief. Governor Hogan expects MEDC Commissioners to review how the State is perceived regionally and nationally.

2) Economic Development – Governor Hogan is looking for specific efforts and projects such as Under Amour and Sagamore and Sparrows Point for game changing big ideas that are affordable and will have a major impact.

3) Regulatory Reform – the need to streamline State government is an important effort.
He stated the Governor is pleased with work underway, robust discussions that lead to recommendation and executions.

**XXIII. DBED Reorganization Update**

Secretary Gill reviewed a six (6) month Job Growth Chart. He highlighted that since January, Maryland is in the top 10 nationally in job growth particularly in private sector job growth. He then discussed the Department’s reorganization as of October 1st when it becomes the Department of Commerce. He stated he built an outstanding Leadership Team, identified the need for more resources in Business Development to include more six (6) to eight (8) staff in the regions. With respect to Marketing and Communication, he stated the Department will focus on marketing strengths nationally – biotechnology, cybersecurity, non-military Federal Government, Universities, Technology Commercialization and Tourism. He concluded by stating the Department is focused on quality jobs.

**XXIV. MEDC Subcommittee Reports**

a. **Rankings Subcommittee**

Subcommittee Chair Susan Schwab reported that the Subcommittee met twice and reviewed a substantial list of rankings and found a broad range of factors that make a difference. An initial sort was conducted and the Subcommittee found that some rankings are based on data, some are subjective, others are based on outcomes rather inputs. The Subcommittee looked at Rankings from several approaches - business development, management theory, public management, legislative, public policy and regulatory. Maryland ranked well in workforce, science and technology but not well in regulations, infrastructure and cost of living. Business support also ranked high but taxation did not based on a survey of CEO’s. The next step will be to identify areas of influence (legislative, policy, etc..) that the Subcommittee could recommend to improve the State’s standing.

b. **Strategic Plan**

Subcommittee Chair James Brady stated the Governor had directed the Subcommittee and the future Department of Commerce to develop a Plan by Thanksgiving. Given the limited timeframe, the Subcommittee has begun planning a retreat in early October to discuss the Plan outline. Working with the Department of Commerce staff, outreach will be conducted with industry and community leaders for input. He stated the MEDC will be able to measure success by job creation and creating a positive business environment.

The Subcommittee emphasized the need to maximize the State’s strengths and assets and the need to treat people as customers. He stated the stakeholders will be multi-faceted including many organizations, economic developers, Chambers and industry leaders to be part of the plan. The input collected in the data gathering will be used at the off-site retreat. The Subcommittee recommends a report card process to measure success after the Plan is completed. He concluded by stating the importance of keeping a pulse on industries of interest citing the military related...
work at Aberdeen Proving Ground and Naval Air Station Patuxent River and the devastating impact if missions depart.

c. Economic Programs

Subcommittee Chair Aris Melissaratos stated the Subcommittee met and reviewed the existing DBED Economic Programs – tools in toolkit to attract, retain and grow business. The Subcommittee found the Maryland Economic Development Assistance Authority Fund (MEDAAF) has a major shortcoming not only in funding but that it restricts use to bricks and mortar and does not allow investment into technology commercialization. The Subcommittee also recommends studying the Biotechnology Investment, Research and Development and Cybersecurity Tax Credits for funding level, value, rate of investment and impact. For example, the Biotech Tax Credits require a long timeframe for investment return. With respect to MEDAAF, the Subcommittee questioned the management fee of the fund and whether it is comparable to other States. He stated the need to review the funding of the program comparable to other States based on size.

The Economic Development Sunny Day fund which is used to fund larger projects is underfunded. He stated two major DBED workforce programs are no longer funded - Maryland Industrial Technology Program (MITP) and the Partnership for Workforce Quality (PWQ) which were effective training programs utilized to attract, retain and grow businesses. Mr. Melissaratos reported the Maryland Venture Fund (MVF) moved to TEDCO and should continue to be coordinated with DBED. The next step is to have TEDCO and DLLR discuss their programs with the Subcommittee. The Subcommittee will have four (4) to five (5) recommendations for the Strategic Plan. Of particular importance are workforce, attitude improvements and customer service.

XXV. Governor’s Regulatory Reform Commission Update

Commissioner James Brady who co-chairs the Governor’s regulatory Reform Commission with Jim Soltez of Loiederman Soltesz Associates gave an update of the Commission’s work to date. The purpose of the Commission is to identify regulatory barriers which impact attracting, retaining and growing businesses and make recommendations that are fair and predictable for all businesses. Two (2) organizational meetings have been held to date and six (6) regional meetings have been scheduled to illicit input from all stakeholders by invitation. Recommendations may need to be implemented via executive order, legislatively or policy. The issue with regulations may be the way they are implemented by State Agencies and Departments. Good customer service is essential. It is a three year process with first actionable recommendations are due by the end of the year. The Commission will coordinate with the MEDC.

XXVI. Future Meeting Date

Chairman Basu announced the next meeting will be held November 23, 2015. Without further discussion the meeting was adjourned. Copies of presentations are located on file.
APPENDIX E

Maryland Economic Development Commission (MEDC)
Monday, November 23, 2015
Spartan Professional Development Center
161 National Plaza, Suite 200, National Harbor, MD

Commission Members in attendance:

Anirban Basu          MEDC Chairman, Sage Policy Group
Martin Brunk          MEDC Vice-Chairman, RSM
Howard Blackwell Bowen (call) Ewing Oil, Inc.
Jim Brady             Dunbar Armored
Raymond Briscuso, Jr. MedTech Conference Partners
Ed Coleman            Unisys Corporation, Retired
Ed Dunn               American Mechanical Services
Joshua Greene         Squire Patton Boggs
Timothy Hodge         Miles & Stockbridge
Martin Knott, Jr.     Knott Mechanical, Inc.
Manish Kothari        Sheladia Associates, Inc.
Aris Melissaratos     Stevenson University
Mike Miller           OGOS Energy, LLC
Laura Neuman          Former Anne Arundel County Executive
Brian Rogers          T. Rowe Price
Susan Schwab          University of Maryland
Brenda Smith          The Greater Cumberland Committee
Robert Wallace        The Bith Group
J. Blacklock Wills, Jr. The Wills Group

Ex-Officio Members:

Robert Brennan       Maryland Economic Development Corporation (MEDCO)
Senator Brian Feldman 19th District, Montgomery County
R. Michael Gill       Department of Commerce
Delegate Benjamin Kramer 19th District, Montgomery County
Robert Rosenbaum     Maryland Technology Development Corporation (TEDCO)

Guests:

Roy McGrath          Office of the Governor
Rushern Baker, III   Prince George’s County Executive
Lavinia Baxter       Prince George’s County
Tom Himler           Prince George’s County
David Iannuci        Prince George’s County
Chris Wallace        Prince George’s County
I. Call to Order/Introduction of Members/Welcoming remarks

Chairman Basu called the meeting to order, welcomed attendees and guests particularly new Commissioners Senator Brian Feldman, Secretary Kelly Schulz, Bob Brennan, Rob Rosenbaum, Annemarie Dickerson, Brenda Smith and Laura Neuman. Chairman Basu cautioned the Commission that while the recent job numbers have shown that Maryland has had a job gain in the metro areas, there has been a 6,000 job loss in specific areas of the state that the Commission must monitor.

Chairman Basu welcomed and invited Jon Peterson of the Petersons Company, developer and owner of National Harbor to address the Commission. Mr. Peterson gave an overview of the project citing the $70 million in tax generation, 10,000 jobs upon completion, $1.2 billion MGM casino project under development and future plans for medical and office space. He stressed the need to approach projects like National Harbor in a regional manner, citing the need for regional transportation solutions for workforce, customers and residents, i.e. additional bridge crossings, mass transit, improved bus service.

Chairman Basu introduced host Lorenzo Downing, Chief Executive Officer of Spartan Business and Technology and thanked him for the use of the facility. Mr. Downing, voted the first Minority Vetrepreneur of the Year 2014 by National Veteran Owned Business Association welcomed the Commission and gave a brief overview of his business as a government contractor transitioning into the commercial space.

II. Prince George’s County Update

Rushern Baker, III, Prince George’s County Executive, who was recently named by Governing Magazine as one of the top public officials in the nation, welcomed the Commission. He
described that as he came into office, he sought advice on business development from other successful counties. He highlighted the progress of the County since 2011. He cited several new projects including the new $750 million hospital at Largo Town Center, $1.2 billion MGM resort casino, New Carrollton and Suitland government centers, College Park conference center and hotels, and Rhode Island Avenue Metro center. There is currently $5-6 billion in economic activity occurring in the county. He attributed the success to the examining and addressing obstacles such as the permitting process and creating of a Department of Permitting, Inspection and Enforcement. Additionally, the county invested in a $50 million Economic Development Incentive Fund and in education and public safety. He noted that the county’s proximity to the nation’s capital with available land presents many development opportunities.

III. Governor’s Regulatory Reform Commission Update

Jim Brady provided an update on the 10 member Governor’s Regulatory Reform Commission. This Commission will be in effect for three years to ensure the implementation of change. He stated that there are pockets of success in the state but that there is a lot of work ahead. The Commission held six hearings throughout the state. Three common themes were observed – appreciation for listening, regulatory overreach and inconsistent enforcement. The initial report will not be a final as the process is ongoing. The initial report due out shortly [released in December 2015] will be building the bridge to solving the regulatory problems in the state.

IV. Maryland Economic Development and Business Climate Commission Update

Josh Greene provided an update on the second phase of the Maryland Economic Development and Business Climate Commission (“Augustine Commission”). He stated many of the recommendations of the first phase have been implemented such as the creation of the Department of Commerce. The second phase of the Commission is addressing the tax structure and changes that could make the state more competitive and friendly. Starting in April, the Commission held meetings throughout the state and received testimony from a variety of stakeholders. Moody’s Analytics was hired to review the tax structure. A major factor in why Maryland ranks so high on the index of states that have high tax burdens is the heavy reliance on property and personal income tax to fund operations at the state level and the unique piggy back tax. The Commission is also looking at tax credits and their effectiveness, possibly recommending consolidation of some credits and questioning the lack of data on the effectiveness of the credits and the efficacy over time.

The other issue being reviewed by the Commission is the impact of the tax structure on pass through entities – those not at the C corporation level. This issue has been a major focus of discussion. Insufficient data has made it hard for the Commission to make a recommendation for this fastest growing segment – pass through entities. The Comptroller’s Office can only provide the number of pass through entities but not details of the entities. He concluded that the second phase report will not have specific recommendations such as the tax structure, rate, or credits to consolidate or eliminate. He stated the second phase report will be more on general recommendations surrounding data, analysis and deliberations and what the Commission would
like to see - more effectiveness of tax credits, doing something for C corporations, and single sales factor vs. combined reporting.

Commissioners discussed that the tax structure review is long overdue and expressed concern with the lack of specific recommendations. General comments will not lead to a change. Ninety five percent of businesses base their taxes on the individual personal tax. Only two-three percent pay corporate income tax. Some states treat pass through entities at different rates, others do not have personal income tax, or varying percentages of exemption rates depending on the entity or type of business. Addressing personal property tax should be a priority. It drives people to leave the state at retirement just when we want them and their disposable income. The estate tax is also out of line. The S corporation tax also needs to be reviewed in light of exit strategies for businesses.

V. Review and Approval of Minutes

The Commission reviewed the minutes and one correction was noted by A. Nayab Siddiqui for the September 2, 2015 meeting. Minutes were accepted with the amendment.

VI. MEDC Subcommittee Reports

Rankings – Subcommittee Chairwoman Schwab reported that the Subcommittee met twice and studied numerous rankings, including “input” rankings involving policies that may suggest actions to improve Maryland’s standing when compared to other states, and “outcome” rankings based on existing metrics that characterize state results. Based on the “input” rankings, the Subcommittee identified factors and actions that the Administration could consider that would have a more positive impact on retaining, growing and attracting businesses and employees than others. The five areas recommended: elimination/amendment of inheritance tax, bringing Maryland into alignment with other states; reduction in personal income tax; reduction in crime rates and perceptions of crime rates; right to work exemption areas; and supporting infrastructure, with options ranging from roads and bridges to information technology, broadband, education and skills training.

It was stressed that the state should more aggressively market its strongest assets - human capital and investment, technology and science workforce, innovation, etc… The Commission then discussed the changes to metrics of specific rankings that impact standings. Many agreed the rankings are subjective and concluded that while some rankings are worth focusing on others are not. The Commissioners discussed several minor changes to the tax structure that could impact perception in addition to improvements to attitude that will significantly improve the State’s standing in rankings.

Economic Programs – Subcommittee Chairman Aris Melissaratos reported that the Subcommittee met and reviewed existing programs and recently had MEDCO, TEDCO and the Department of Labor, Licensing and Regulation (DLLR) present their programs. He stated that the programs work but lack funding due to inconsistent levels thus restricting staff. He cited that the Maryland Economic Development Assistance Authority and Fund (MEDAAF) lacks funding
and is too restrictive in not permitting the use of funds for intellectual property. Some tax credits work better than others and some need additional funding. The credits need to be reviewed based on industry, longevity and rate of return. The research and development tax credit is essential. Members agreed there is a need for a comprehensive review of tax credits and programs to evaluate their effectiveness and impact to the state.

Maryland has a lot of programs but people and businesses are unaware. Commerce needs to improve marketing of the programs. He added that the Sunny Day Fund has not been funded for a number of years and is too public for the larger deals making the state non-competitive. The Subcommittee recommends that the Sunny Day Fund be funded preferably as an “Extraordinary Opportunity Fund” with authority to approve expenditures lying with the Governor, Commerce Secretary and Department of Budget and Management Secretary. Additionally, the workforce training programs that had been used as an incentive have been moved to DLLR and there should be a program within Commerce.

Strategic Plan – Subcommittee Chair Jim Brady reported that the Maryland does not do a good job touting its assets including Commerce programs. He cited that Maryland only has four Fortune 500 Companies compared to 23 in Virginia and 24 in Pennsylvania. He stated that this does matter as Fortune 500 businesses can spin off other businesses. He stated that the Strategic Plan will be positive, challenging, honest and balanced – highlighting assets and challenges. It is currently in draft form and will be available for review in mid-December. He requested that the Commissioners provide specific comments on the draft when it is forwarded. Chairman Basu stated that the timing of the draft should coincide with the Augustine Commission draft due out in December. A conference call will be scheduled in December to review the Plan with the full Commission.

VII. Economic Development is a Team Sport Outreach

Secretary Mike Gill updated the Commission on recent increases in regional representatives for thorough coverage of counties, progress of the county tours that will conclude by the end of the year and increased communication with the local jurisdictions. He reported that Commerce is holding a forum for legislators on December 4th to discuss economic development issues – what is it, why it matter and the importance of economic policy. [This forum has since been postponed and will be rescheduled in early 2016.] He concluded by stating he was excited to chair the first Commerce Subcabinet on December 17th and plans for collaborations in customer service, attitude and mega projects. Chairman Basu added that it may be appropriate to include the Department of Human Resources in the Subcabinet.

VIII. Future Meeting Dates

Chairman Basu announced 2016 meeting dates - February 1st, May 19th, September 13th and December 13th.

IX. Adjournment

Chairman Basu adjourned the meeting at 4:45pm.