



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

December 21, 2018

The Honorable Thomas V. Mike Miller, Jr.
President, Maryland Senate
State House, H-107
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House, H-101
Annapolis, Maryland 21401-1991

RE: Maryland Economic Development Commission Annual Report

Dear President Miller and Speaker Busch:

In accordance with Economic Development Article Section 2.5-207(a), the Maryland Economic Development Commission is pleased to submit its 2018 Annual Report to the General Assembly. This report includes a review of the activities undertaken by the Commission.

We look forward to your review of the report and will be pleased to provide any additional information regarding the Maryland Economic Development Commission. If we can be of further assistance, or if you have any questions regarding this report, please contact Julie Woepke, Executive Director, Maryland Economic Development Commission at 443-324-0861.

Sincerely,

R. Michael Gill
Secretary, Department of Commerce

Anirban Basu
Chairman, MEDC

Enclosure

**2018 ANNUAL REPORT
OF THE**



**As required by §2.5-201-207 (a), Economic Development Article, Maryland Annotated
Code**

Respectfully submitted to the General Assembly of Maryland by

Anirban Basu, Chairman

Julie Woepke, Executive Director

Secretary R. Michael Gill, Commerce

401 East Pratt Street

Baltimore, MD 21202

December 2018



Larry Hogan, Governor | Boyd Rutherford, Lt. Governor

OPEN *for* Business

Table of Contents

	Page
MEDC Background	3
Membership	3
Strategic Plan	4
2018 Meetings	4
 <u>Appendix</u>	
MEDC Voting and Non-Voting Members	A
Scorecard/Snapshot	B
MEDC Meeting Minutes – March 1, 2018	C
MEDC Meeting Minutes – May 31, 2108	D
MEDC Meeting Minutes – December 6, 2018	E

MEDC Background

The Maryland Economic Development Commission (MEDC) 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)

Membership

The MEDC is comprised of 25 voting members from all regions of Maryland, appointed by the Governor, Senate President, and 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. (See Appendix A for membership listing.)

The MEDC is chaired by Mr. Anirban Basu, Chairman and Chief Executive Officer 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 R. Michael Gill, who is charged with directing the implementation of strategies that foster economic growth and increase Maryland's competitiveness.

Two (2) informal Subcommittees were active during 2018. The Strategic Plan Subcommittee, chaired by Mr. James T. Brady, held several meetings to review and discuss legislation proposed during the 2018 Legislative Session, and testimony in support of Departmental bills. The Rankings and Research Subcommittee, chaired by Mr. Ed Coleman held several meetings to discuss the tracking of relevant rankings as indicators of the State's competitiveness, business attraction and retention, and undertook a Migration Study to examine the State's competitiveness in retaining and attracting individuals, workforce and businesses. This Subcommittee revised a Scorecard of indicators which was updated and discussed at each Commission meeting. (See Appendix B for latest 2018 Scorecard.) The final Migration Study was completed and findings reported at the December, 2018 meeting.

Strategic Plan

The MEDC is directed to develop and update an economic development Strategic Plan to drive the Department of Commerce's legislative agenda, programs, staffing and budget priorities. At its March 1st meeting, the Department of Commerce presented to the MEDC a Progress Report of the 2016 Strategic Plan which included a Department evaluated Report Card.

The Commission found the Progress Report useful to evaluate the effectiveness of the Strategic Plan and identify further recommendations to the Department. The Progress Report was accepted by the Commission at its May 31st meeting. The Strategic Plan continues to guide the operations, industry sectors and marketing focus for the six (6) goals Strategic Plan Goals. The goals are as follows:

Goal 1 – Achieve Operational Excellence through the adoption of customer service standards, training, orientations, and performance reviews.

Goal 2 – Foster a Competitive Business Environment by assessing the impacts of taxes and the effectiveness of financing programs and tax credits.

Goal 3 - Advance Innovation and Entrepreneurship by tapping into education and innovation communities through workforce development initiatives and embracing a culture of commercialization.

Goal 4 - Expand Targeted Industry Clusters by means of collaboration, ambassador programs, workforce development initiatives, partnerships, and industry advisory boards.

Goal 5 - Create One Maryland and Enhance Community Development by increasing touchpoints by Commerce staff in the local jurisdictions and engaging underserved populations and businesses of all sizes.

Goal 6 - Improve Brand and Talent Attraction by leveraging the Maryland Public Private Partnership (P3) Marketing Corporation and the State's major economic drivers and regional organizations.

At each of the 2018 meetings, the Commissioners interacted with Commerce Secretary Gill and staff on the status of each of the goals and offered guidance and recommendations. The Goals serve as the Department's performance measures to be evaluated by the Governor's Office of Performance Improvement.

2018 Meetings

The Commission held meetings on March 1, May 31, and December 6, 2018. The meetings were held at several locations. The March meeting was held at the Governor's Reception Room in Annapolis highlighting legislation. The May meeting was held at Guinness Open Gate Brewery and Barrel House in Halethorpe with tourism highlighted. The December meeting was held at the office of the Technology Development Corporation (TEDCO) in Columbia highlighting the activities and performance of the Department since 2015. (Meeting Minutes are found in Appendices D-G.)

2019 Meetings

2019 meeting locations will be posted on the Department of Commerce website.

Closing Statement

The MEDC adopted the following 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.”

Through Annual Progress Reports, monitoring updates to the Scorecard of economic indicators, and engagement with the Department of Commerce, the MEDC will continue to evaluate and advise the Department and Administration on strategies and tactics to position the Department as an operational center of excellence to support robust economic prosperity in the state.

APPENDIX A

MEDC VOTING AND NON-VOTING MEMBERS

Anirban Basu, Chairman; Chief Executive Officer, Sage Policy Group
Martin Brunk, CPA, Vice-Chair; Office Managing Partner, RSM US, LLP
Kenneth R. Banks; President, Chief Executive Officer and Founder, Banks Contracting Company, Inc.
Howard B. Bowen; Chief Executive Officer, Ewing Oil Company
James T. Brady; Board Member of Dunbar Armored, Inc., and former Secretary of Maryland Department of Commerce
Scott Burger, Chief Executive Officer, Lolli and Pops
Ed Coleman; Board Member, Ciox Health
Annemarie Dickerson; Owner, Francis Scott Key Family Resort
Edward M. Dunn; Chief Executive Officer, American Mechanical Services
Joshua Greene; Vice President, A.O. Smith Corporation
Kai Hirabayashi, Senior Government Affairs Representative, Caterpillar, Inc.
Martin Knott, Jr.; President, Knott Mechanical, Inc.
Manish Kothari; President/Chief Executive Officer, Sheladia Associates, Inc.
Julie Lenzer; Former Executive Director, Maryland Center for Entrepreneurship
Aris Melissaratos; Dean, Brown School of Business and Leadership, Stevenson University, and former Secretary of Maryland Department of Commerce
Michael Miller, President, OGOS Energy, LLC
Laura Neuman, Entrepreneur
Jeanette Glose Partlow, President, Maryland Chemical Company
Elizabeth Rendón-Sherman; Chief Executive Officer/Chief Financial Officer, LG-TEK
Brian C. Rogers; Chairman, T. Rowe Price Group
Susan Schwab; Strategic Advisor, Mayer Brown, LLP
Brenda A. Smith; Executive Director, The Greater Cumberland Committee
Robert L. Wallace; President and Chief Executive Officer, BITHGROUP Technologies
Julian B. Wills, Jr.; Chairman, President and CEO, The Wills Group, Inc.
Margaret Wood, Ph.D., WOOD consulting Services, 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 Department of Labor Licensing & Regulation (DLLR)
Robert Brennan; Executive Director of Maryland Economic Development Corporation (MEDCO)
George Davis; CEO, Maryland Technology Development Corporation (TEDCO)

Commerce Support:

Julie Woepke, Executive Director, MEDC, Office of the Secretary

APPENDIX B – Scorecard, December 2018 (attached)

APPENDIX C

Thursday, March 1, 2018
Governor's Reception Room, 100 State Circle, Annapolis
11:00am – 12:30pm
Minutes

Commissioners in attendance:

Anirban Basu	MEDC Chair, Sage Policy Group
Marty Brunk	MEDC Vice-Chair, RSM
Ken Banks	Banks Contracting Company
Howard Blackwell Bowen	Ewing Oil Company
Jim Brady	Dunbar Armored, Inc.
Ed Coleman	CIOX Health
Joshua Greene (call)	O.A. Smith Corporation
Kai Hirabayshi (call)	Caterpillar, Inc.
Manish Kothari	Sheladia Associates, Inc.
Michael Miller	OGOS Energy, LLC
Elizabeth Rendón-Sherman	LG-TEK
Susan Schwab	Mayer Brown, LLP, University of Maryland

Ex-Officio Members:

Robert Brennan	Maryland Economic Development Corporation (MEDCO)
Secretary R. Michael Gill	Department of Commerce
Brian Feldman	Senator, District 19, Montgomery County

Guests:

Chris Carroll	Office of the Governor
John Wasilisin	TEDCO
Brian Levine	Greater Baltimore Committee

Commerce Staff:

Ben Wu	Deputy Secretary/Chief Operating Officer (COO)
Julie Woepke	MEDC Executive Director
Steve Pennington	Managing Director, Business and Industry Sector Development
Allison Mayer	Managing Director, Marketing and Communications
Greg Derwart	Managing Director, Administration & Customer Experience
Brady Walker	Managing Director and Special Advisor
Nancy McCrea	Director of Research
Morgan Green	Executive Associate, Office of the Secretary

I. Call to Order

Chairman Anirban Basu called the meeting to order, welcomed attendees and guests.

II. Chairman's Updates

Chairman Basu provided an update on the December jobs growth report. While it appears that Maryland may have lost jobs in December of 2017 with the unemployment slightly increasing, Chairman Basu stated that he thought the decline was an anomaly and not reflective of the true growth occurring. He referenced the growth in Salisbury, Washington, Carroll, and Cecil Counties and the Baltimore Washington Corridor. He stated that future job numbers will reflect an increase.

III. Review and Acceptance of December 13, 2017 Minutes

Upon motion duly made and seconded, the minutes of the December 13, 2017 meeting were approved.

IV. Commerce Secretary Update

Commerce Secretary Mike Gill presented a Department update. He stated that staff remains focused on the culture of yes, not backing down on serving the customer first and reinforcing a positive business environment. Secretary Gill referenced the request for information phase for the Amazon HQ2 bid which Montgomery County is a finalist, and an unsolicited proposal to Apple Corporation who is seeking a new campus location.

Secretary Gill provided an update on the Commerce Cabinet which has proven to be a collaborative approach to customer assistance, sharing of best practices and strengthening customer service statewide. He described the recently enacted Maryland Healthy Working Families Act (HB1) – Paid Sick Leave and the Governor's Executive Order which creates the Office of Small Business Regulatory Assistance (OSBRA) in the Department of Labor, Licensing and Regulation to assist businesses with the Act and the responsibilities of the Governor's Business Ombudsman. He stated that the Department of Commerce would be transferring four (4) positions from the Small Business Office to OSBRA. He added that the Department is also undergoing a Department of Legislative Services Department Audit.

Secretary Gill announced the launching of the new Open for Business, <https://open.maryland.gov> website, a component of the Maryland Marketing Partnership initiative to promote the state, and attract new investments and jobs. He then referenced upcoming business events including the Governor's Business Summit scheduled for September of 2018. (Presentation on file.)

V. Legislative Update

Brady Walker, Managing Director and Special Assistant provided an update on pending legislation: Senate Bill 67 – Advantage Maryland; Senate Bill 305/House Bill 363 – More Jobs for Marylanders 2.0; and Senate Bill 877/House Bill 989 – PRIME Act in support of the Amazon HQ2 project. Commissioners asked questions of Mr. Walker related to the criteria for eligibility for the PRIME Act and discussion occurred. Mr. Walker updated the Commission on the status of the Department's Budget priorities which are scheduled to be heard before the Senate Finance Committee later this day. (Presentation and handouts available on file.)

VI. MEDC Subcommittee Reports

a. Rankings and Research

Ed Coleman, Chair, Rankings and Research Subcommittee referred to Chairman Basu's opening remarks regarding the negative job growth recently reported. He conferred that observing year to year vs month to month, the job growth number remains strong. The Commissioners then discussed potential factors for

the negative job growth and agreed to wait for the latest figures to be reported. He then reported that at his request, the Commerce Research Team is compiling data in more detail on in and out migration and possible impacts. The data will be shared among the Subcommittee and a meeting may be scheduled for further analysis and recommendations.

Nancy McCrea reviewed the latest Scorecard highlighting recent changes that included US News Best States Ranking of Maryland #13 from #8 in 2017. She explained that the indicators used to rank states had changed and that Maryland remains in a strong position. She noted the increase in Baltimore Washington Thurgood Marshall International Airport passengers and venture capital.

b. Strategic Plan

Jim Brady, Chair, Strategic Plan Subcommittee reported that the Regulatory Reform Commission has concluded its work in December of 2017 submitting a report to the Governor. The report identifies over 650 amendments or repeals of regulations that would provide a more efficient and business friendly environment. (Press release on file.)

Mr. Brady then discussed the importance of the Commission's 2016 Strategic Plan and the filing of annual Progress Reports to benchmark progress, adjust strategies if needed, and focus the efforts of the Department. He reported that that 2018 Draft Progress Report and Report Card was distributed and welcomed Commissioners input.

VII. Strategic Plan Progress Report

Ben Wu, Deputy Secretary and COO reviewed the Draft Progress Report and Report Card. He highlighted that the Department has improved in the Agribusiness, Energy, Environment and Professional Services industries over last year. He brought to the attention of the Commission the areas where the Department is excelling. He advised the Commissioners that the Report is in draft form and that it would be updated at the conclusion of the Legislative Session to include legislative progress and updated rankings. He welcomed feedback.

Discussion occurred among the Commissioners and staff regarding a more in depth review of economic indicators by county that could provide assistance as to whether current strategies of the Plan need adjustments, where opportunities exist, and perhaps the identification of tactics to make the state more robust. As referenced in the 2016 Strategic Plan, the overall goal is for prosperity for all Marylanders. Deputy Secretary Wu indicated this data will be compiled for inclusion in the report.

VIII. Department of Commerce Updates

a. Customer Service and Experience

Greg Derwart, Managing Director, Administration and Customer Experience provided an update on the Governor's Customer Service Initiative citing the Annual Customer Service Plans required of 39 State Agencies; the Master Training Contract which is also available to local jurisdictions; Governor's Customer Service Heroes Recognition Program; a statewide survey which reflects an overall 80% customer satisfaction rating; workgroups and customer service liaisons meetings; and the branding of the State's customer service efforts. He added that Maryland is being tapped by the private sector,

b. Business and Industry Sector Development

Steve Pennington, Managing Director, Business and Industry Sector Development reported on the new and retained jobs since January 2015 to February of 2018 which reflect a strong upward trend noting the largest two (2) projects – Northrop Grumman and Marriott. He illustrated that the Department is seeing steady incline and on target to reach similar job counts this fiscal year. He then highlighted several of the larger projects. (Presentation on file.)

IX. Good of the Order

Senator Feldman updated the Commission on pending legislation impacting the funding for Maryland's share to the Washington Metropolitan Area Transit Authority (WMATA) to support regional transit. He emphasized the importance in light of regional employers such as the potential Amazon HQ2. Discussion occurred among the Commissioners and Senator Feldman.

X. Adjournment

There being no further business and upon motion duly made and seconded, the meeting was adjourned at 12:40pm.

APPENDIX C

Thursday, May 31, 2018
Guinness Open Gate Brewery and Barrel House
5001 Washington Boulevard, Halethorpe
12:00pm – 2:00pm
Minutes

Commissioners in attendance:

Anirban Basu	MEDC Chair, Sage Policy Group
Howard Blackwell Bowen	Ewing Oil Company
Scott Burger	Formerly with Pandora
Ed Coleman	CIOX Health
Annemarie Dickerson	Francis Scott Key Family Resort
Kai Hirabayshi	Caterpillar, Inc.
Manish Kothari	Sheladia Associates, Inc.
Jeannete Glose Partlow	Maryland Chemical Company
Julie Lenzer	UM Ventures
Aris Melissaratos	Stevenson University
Elizabeth Rendón-Sherman	LG-TEK
Robert Wallace	BITHGROUP Technologies
J. Blacklock Wills	The Wills Group
Margaret Wood	WOOD Consulting Services, Inc.

Ex-Officio Members:

Robert Brennan	Maryland Economic Development Corporation (MEDCO)
George Davis	Maryland Technology Development Corporation (TEDCO)
Secretary R. Michael Gill	Department of Commerce
Benjamin Kramer	Delegate, District 19, Montgomery County
James Rzepkowski for Kelly Schulz	Department of Labor, Licensing and Regulation (DLLR)

Guests:

Oliver Gray	Guinness Open Gate Brewery and Barrel House
Al Hutchinson	Visit Baltimore
Jim Smith	City of Baltimore
John Wasilisin	TEDCO
Mike Morello	Governor's Office of Performance Improvement
Amanda Yeager	Baltimore Business Journal
Eric Bryant	Rifkin, Weiner, Livingston, LLC

Commerce Staff:

Ben Wu	Deputy Secretary/Chief Operating Officer (COO)
Julie Woepke	MEDC Executive Director
Brady Walker	Managing Director and Special Advisor
Steve Pennington	Managing Director, Business and Industry Sector Development
Greg Derwart	Managing Director, Administration and Customer Experience
Rhonda Ray	Managing Director, Policy, Research and Government Affairs

Liz Fitzsimmons
Signe Pringle
Sherri Diehl
Nancy McCrea
Emily Tocknell
Jennifer LaHatte
Jim Palma
Morgan Green

Managing Director, Tourism, Film and the Arts
Managing Director, Office of International Investment and Trade
Managing Manager, Marketing and Communications
Director of Research
Assistant Director, Policy
Policy Analyst
Senior Research Manager
Executive Associate

I. Call to Order

Chairman Anirban Basu called the meeting to order, welcomed attendees and guests.

II. Welcome

Mr. Oliver Gray, Marketing Manager, Guinness Open Gate Brewery and Barrel House, provided welcoming comments and presented an overview of the facility. The manufacturing facility will become a tourist destination with tours, tasting room, restaurant, and special occasion events and an outdoor music venue. Due to open in August of 2018, it is expected to draw over 300,000 in the next year. He added \$80 million has been invested in construction and 250 employees will be on site at completion. Initial marketing will be to the immediate community and state, then expanding. He concluded by citing a number of community initiatives undertaken.

III. Chairman's Updates

In light of the recent severe flooding in Ellicott City, Chairman Basu noted the importance to accelerate assistance to businesses and residents affected. Commissioner Lenzer noted that the Small Business Development Center (SBDC) has been working with many of the affected businesses and many had expressed not returning to the historic downtown.

IV. Consent Agenda

Upon motion duly made and seconded, the Consent Agenda items were approved.

V. Commerce Secretary Update

Commerce Secretary Mike Gill addressed the Commissioners. His comments included the importance of staying focused and recognizing economic development as a team sport. He noted that in the last three years, the dialogue has changed, and a positive culture has been cultivated. He added the importance of building the business tax base which funds infrastructure, schools and improves quality of life.

VI. Baltimore Update

Mr. Jim Smith, Chief of Strategic Alliances with the Office of Baltimore Mayor Catherine Pugh, highlighted a number of new project announcements, groundbreakings, investments and initiatives. He announced that a major investment at Port Covington is expected soon, and that a number of substantial retailers such as Target and several groceries are revisiting Baltimore as a result of participation in the International Council of Shopping Centers (ICSC) Annual Conference.

Mr. Smith noted that the City will benefit from the recent designations of Opportunity Zones as a part of the December 2018 Federal Tax Law which could attract significant redevelopment and investment in low income areas. He cited the new Tourism Development Zones in partnership with hotels. Mr. Smith acknowledged that the City needs to improve communication of positive news and that it struggles with media challenges. He emphasized the need to retain the Preakness Race at Pimlico Race Course which is a major tourism attraction and that the request for proposal (RFP) for market rate housing on the adjacent 60 acres in Park Heights will be released in June 2018.

Mr. Smith described an initiative to lease three (3) City parking garages to MEDCO that will net \$52 million in trust funds for the surrounding communities for loan distribution. He also noted the establishment of Neighborhood Subcabinets with Housing and Community Development as lead to engage all City Departments and non-profits. He then took questions of the Commission. When asked what the State could do for the City, Mr. Smith responded: 1) transportation investments such as the red line connector; 2) continued funding and support of demolition of vacant, dilapidated, blighted housing units – citing that the City was built for a population 1 million and currently has a population of 680,000; and 3) technology improvements for the police force and government functions. After discussion, it was concluded that improved communication was needed from the Mayor's office to residents and the business community.

VII. Visit Baltimore

Mr. Al Hutchinson, President and CEO of Visit Baltimore addressed the Commission. He focused his comments on the importance in rebuilding visitor population from adjacent counties; using sales teams located outside of Maryland; improving the Baltimore story; need for an upgraded convention center and challenges; and improved marketing and advertising. He noted that of the 84,000 hospitality employees in the state, 54,000 work in the city. (Presentation on file.)

XI. Department of Commerce Updates

a. Tourism Film and the Arts

Ms. Liz Fitzsimmons, Managing Director, provided the latest tourism economic impact figures, citing the increase of visitors in state travel, spending, and employees in the tourism industry. She then reviewed tourism sales tax revenue and highlighted a number of notable new activities of the Department to include: 50th Anniversary of the Maryland State Arts Council; record funding from the Governor to support the arts; Tourism Development Board increased budget; Film Tax Credit Program to be in Fiscal Year 2019; and the Maryland Fleet Week and Air Show which is scheduled for October 5-8, 2018. Ms. Fitzsimmons then previewed the new tourism video "Open for It." (Presentation on file.)

b. Maryland Marketing Partnership (MMP)

Ms. Sherri Diehl, Director of Marketing, provided an overview of the latest activities of the MMP. She highlighted that the Partnership is 36 partners strong with \$4.335 million in funding committed through 2021 and presented the 2018 media mix and samples. She gave an update on the September 12th planned Business Summit, and concluded by viewing the latest "Open for Business" video. (Presentation on file.)

c. International Investment and Trade

Ms. Signe Pringle, Managing Director, provided an update on a number of the strategic initiatives including the global consulting project, the Maryland Midlands Partnership, Maryland Quebec collaboration, and the anticipated Small Business Administration State Trade and Export Promotion

(STEP) Award. The STEP award assists Maryland businesses in participating in overseas marketing activities and events. She then reviewed recent trade missions, investments and prospects. (Presentation on file.)

d. Legislative Update

Ms. Rhonda Ray, Director, Policy, Research and Government Affairs, provided an update on the 2018 Legislative Session. She reviewed the outcomes of the Administration's legislative priorities related to Commerce which included the Promoting the extraordinary Innovation in Maryland's Economy (PRIME) Act, CyberMaryland Act of 2018, and Small Business Relief Tax Credit. She then reviewed the status of the Department legislative priorities and the 2019 Budget. (Detailed Legislative Report is on file.)

XII. MEDC Subcommittee Reports

a. Rankings and Research

Mr. Ed Coleman, Chair, Rankings and Research Subcommittee, referenced the May Scorecard while Ms. Nancy McCrea, Director of Research at Commerce, highlighted updates. Mr. Coleman then described research conducted on behalf of the Subcommittee on Migration. He then introduced Mr. Jim Palma of the Research Team who reviewed data collected and evaluated that reflects Maryland as a major exporter of individuals between the ages of 18-21 and 55-84. He highlighted the states which Marylanders tend to move to most often – Florida, the Carolinas, and Texas. It was then explained that research continues and the Subcommittee will be performing subsequent research this summer. Members asked for the Draft Report to be distributed. (Presentation on file.)

VIII. Strategic Plan Progress Report

Mr. Ben Wu, Deputy Secretary and COO, briefly reported that the revised Progress Report Draft Report Card was distributed to Commissioners and welcomed any comments and questions. He stated that the Strategic Plan Subcommittee and staff will be finalizing the Progress Report within the next month and it will be distributed this summer.

IX. Good of the Order – No additional information was exchanged.

X. Future Meeting Dates – September 5, 2018, December 6, 2018

XI. Adjournment

There being no further business and upon motion duly made and seconded, the meeting was adjourned at 2:20pm.

APPENDIX D - DRAFT*

Thursday, December 6, 2018
Maryland Technology Development Corporation (TEDCO) Board Room
7021 Columbia Gateway Drive, Suite 200
Columbia, MD 21046
12:00pm – 2:00pm
Minutes

Commissioners in attendance:

Anirban Basu	MEDC Chair, Sage Policy Group
Marty Brunk	MEDC Vice Chair, RSM
Jim Brady	Dunbar Armored, Inc.
Annemarie Dickerson	Francis Scott Key Family Resort
Kai Hirabayshi	Caterpillar, Inc.
Manish Kothari	Sheladia Associates, Inc.
Julie Lenzer	UM Ventures
Aris Melissaratos	Stevenson University
Mike Miller	OGOS Energy, LLC
Laura Neuman	Entrepreneur
Jeannete Glose Partlow	Maryland Chemical Company
Elizabeth Rendón-Sherman	LG-TEK
Brian Rogers	T. Rowe Price Group
Susan Schwab	Mayer Brown, LLC, University of Maryland
J. Blacklock Wills	The Wills Group

Ex-Officio Members:

Robert Brennan	Maryland Economic Development Corporation (MEDCO)
George Davis	Maryland Technology Development Corporation (TEDCO)
Secretary R. Michael Gill	Department of Commerce
James Rzepkowski for Kelly Schulz	Department of Labor, Licensing and Regulation (DLLR)

Guests:

John Wasilisin	TEDCO
Sally Guy	Johns Hopkins University
Tom Tuttle	Tuttle Group International
Tracy Lingo	Unite Here

Commerce Staff:

Ben Wu	Deputy Secretary/Chief Operating Officer (COO)
Julie Woepke	MEDC Executive Director
Brady Walker	Managing Director and Special Advisor
Steve Pennington	Managing Director, Business and Industry Sector Development
Greg Derwart	Managing Director, Administration and Customer Experience
Rhonda Ray	Managing Director, Policy, Research and Government Affairs
Signe Pringle	Managing Director, Office of International Investment and Trade

Allison Mayer
Nancy McCrea
Julie Miller
Jim Palma
Andrea Salizzoni

Managing Director, Marketing and Communications
Director of Research
Digital Marketing Manager
Senior Research Manager
Executive Associate

I. Call to Order

Chairman Anirban Basu called the meeting to order, welcomed attendees and guests.

II. Welcome

Mr. George Davis, CEO of TEDCO welcomed the Commission and guests. Mr. Davis provided a brief background on his career which led him to lead the organization which focuses on fostering an inclusive entrepreneurship and innovation ecosystem. He proceeded to describe a number of the TEDCO programs which have had to an impact of over \$100 million deployed for innovation and more than 400 seed investments since 1998 and over 4,350 jobs created at an average of \$74,700. Mr. Davis engaged with the Commissioners on TEDCO programs, successes and funding needs stating that a recent economic impact study on the organization resulted in the conclusion that it is underfunded. (Presentation on file.)

III. Chairman's Updates

Chairman Basu stated that than while the state is in a good economic position, the state needs to focus on initiatives for where it wants to be in five (5) years. The State is not changing fast enough and must remain focused on taxes, Howard Street tunnel, wind energy, tourism, and job growth. Comments made led to a discussion on the need to increase TEDCO funding to grow the innovation ecosystem, higher education linkage to employers, rural initiatives to support employment and quality of life and the impact of Baltimore crime and unemployment on perception of the state. Commissioners agreed on the need to promote success stories in the City, reduce crime, address workforce challenges and recruitment, improve education system, police enforcement, inclusion of churches and community associations on City Boards, and the need to invest in the City as there is untapped potential to create jobs and opportunities. Commissioners were in agreement that the State should evaluate successful national initiatives to address Baltimore City issues and that Johns Hopkins University should be given authority for its own police force for the safety of students, faculty, residents, patients and visitors.

IV. Consent Agenda

Chairman Basu called for any questions or discussion on the consent agenda items. There were several questions and discussion related to the MEDCO and TEDCO reports. Mr. Bob Brennan, Executive Director of MEDCO answered inquiries on projects and debt and Mr. George Davis responded to inquiries stating a financial statement will be provided to Commissioners. Upon motion duly made and seconded, the Consent Agenda items were approved.

V. Commerce Secretary Update

Commerce Secretary Mike Gill addressed the Commissioners. His comments included the importance of staying focused and recognizing economic development as a team sport. He noted that in the past four (4) years, the dialogue has changed, and a positive culture has been cultivated. Secretary Gill then presented

the Department highlights guided by the Commission since January of 2015. Commissioners commended Secretary Gill on his success in changing the attitude in state government and the business community. (Presentation on file.)

VI. Department of Commerce Updates

a. Customer Service and Experience

Mr. Greg Derwart, Managing Director, provided an update on the Governor's Customer Service Initiative citing submission of the 39 State Agency Annual Customer, celebration of International Customer Experience Day October 2, 2018, and highlighted a Maryland State Highway Administration program – Project Green Light focused on process improvements. (Presentation on file.)

b. Business and Industry Sector Development

Mr. Steve Pennington, Managing Director, provided an overview of the business development activities since 2015 which included the performance measures of the Advantage Maryland, Incentive Tax and Platinum 500 Programs, business and stakeholder outreaches, and new and retained jobs. (Presentation on file.)

c. International Investment and Trade

Ms. Signe Pringle, Managing Director, provided an update on strategic initiatives, export promotion and foreign direct investment and highlighted upcoming 2019 initiatives – Arab Health in Dubai, Avalon in Australia and Expo Seguridad in Mexico. (Presentation on file.)

VII. MEDC Subcommittee Reports

Mr. Jim Palma, Senior Manager of Policy, Research and Government, presented the final Migration Study and recommendations on behalf of MEDC Subcommittee Chair Ed Coleman. The Study, which is found on file, led to the key recommendations of retention and attraction of 18 to 21 year olds, retention and attraction of retirees and the need to provide more affordable housing. Discussion occurred among Commissioners to identify strategies to implement these recommendations.

VIII. Good of the Order – No additional information was exchanged.

IX. Adjournment

There being no further business and upon motion duly made and seconded, the meeting was adjourned at 2:00pm.

***December 6, 2018 Minutes are in draft form and will be presented for approval at the next meeting to be scheduled in 2019.**

SCORECARD

December, 2018

SNAPSHOT

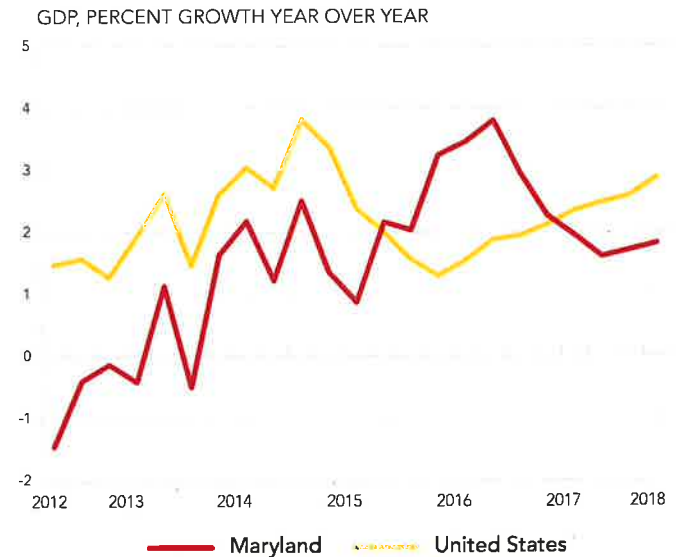
Job Growth

Oct-18 MD jobs growth 1.4%. Rank **#29**



GDP

2018 Q2 MD GDP \$414.4 billion. Growth rate 1.8% over 2017 Q2. Rank: **#31**



Business Climate Rankings

Why? Important for tracking perceptions about Maryland from external constituencies

How to Measure? National rankings and publications

- **#14** Best States for Business: 24/7 Wall St 2018
Same as #14 in 2017
- **#27** Forbes Best States for Business 2018
#26 in 2017
- **#31** Top States for Business: CNBC 2018
Down from #25 in 2017
- **#41** Chief Executive Best & Worst States 2017
#43 in 2016

Taxes & Regulations

Why? Major factor in business and household location decisions

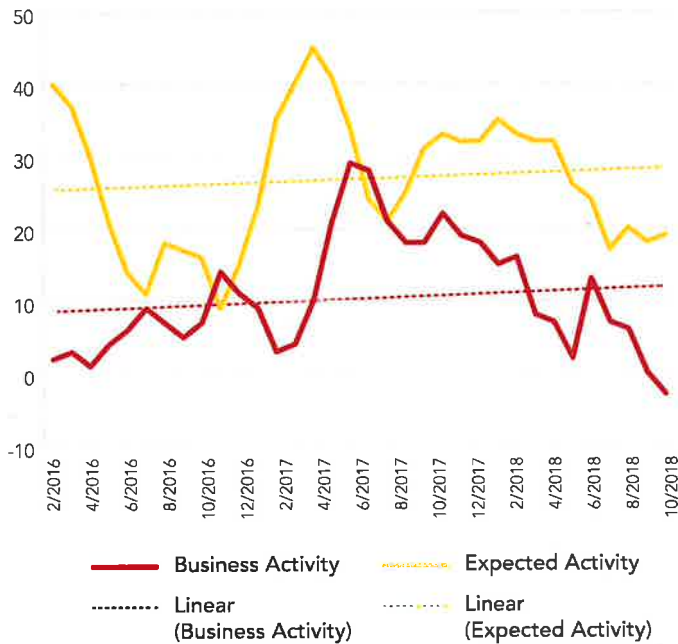
How to Measure? Tax Burden comparisons and rankings

- **#40** State Business Tax Climate: Tax Foundation 2019
#43 in 2018
- **#39** Entrepreneur-friendly states: Small Business Policy Index 2018
#40 in 2016
- 11th Highest state and local tax collections as a percentage of personal income at 10.8%, above the U.S. median of 10.3%
- 10th Highest state and local taxes per capita at \$6,027, above the U.S. average of \$4,946

■ Positives

■ No Progress

MARYLAND BUSINESS CONDITIONS INDEX
3-month moving average



Quality of Life

Why? Major factor in business and household location decisions

How to Measure? Housing costs, health care, traffic congestion, cost of living, crime

- **#8** "Best States to Live In" 24/7 Wall St (income, poverty, life expectancy and education)
- **#13** Best States: US News (7 Key areas – education, health care, infrastructure, economy, government, opportunity, and crime)
- **2nd Lowest** poverty rate for 2017, with 9.3% of the population living in poverty, compared with 13.4% for the U.S.
- **#10** State Energy Efficiency Scorecard 2018
- **#10** Best state for health care WalletHub 2018
- **#26** Quality of Life rank: Forbes Best States (poverty, crime, health)
- **#26** Quality of Life rank: CNBC Best States (crime rates, health care quality, health coverage, environmental quality)
- **#31** Quality of Life: US News (natural environment, social environment)
- MD Median home sales price is 16% higher than U.S.
- Traffic congestion (INRIX Traffic Scorecard)
 - Baltimore #33 out of 240 U.S. cities
 - Frederick #93
 - Hagerstown #156
 - Cumberland #229

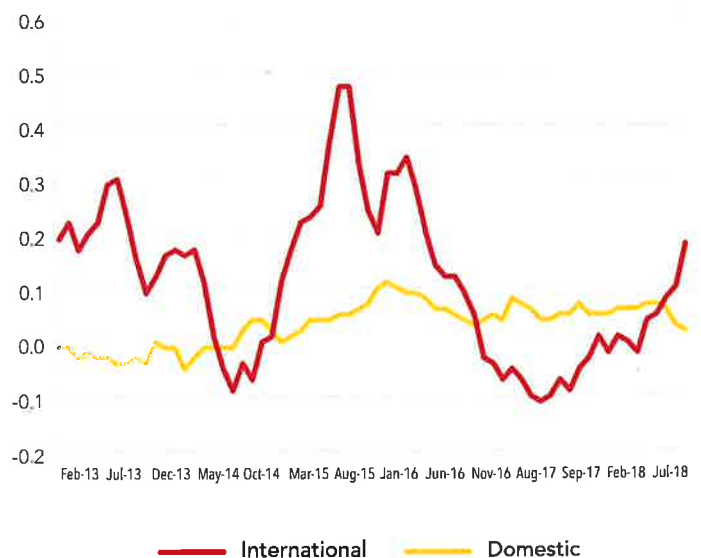
Infrastructure

Why? Investment to support job growth, enhance quality of life

How to Measure? Access, roads, transit, utilities

- **#4** among the states in average internet connection speed at 22.3 Mbps
- **#5** Broadband telecommunications adoption and average speed - ITIF
- **26 Million** total BWI passengers in 2017, up 5.0% from 2016
- **Port of Baltimore is 9th** among all ports for total dollar value of cargo and 12th in foreign cargo tonnage
- **#25** Infrastructure: US News Best States (roads, transit usage, energy, internet access)
- **#37** in structurally deficient bridges – 5.6% of bridges in need of repairs
- **#45** Infrastructure rank: CNBC Top States (airports and freight, road quality, commute times)
- **#39** Electricity price – average price of electricity per kilowatt hour
- **#49** Commute time – average travel time to work 32.4 minutes

BWI PASSENGERS (year-over-year % change)



■ Positives

■ No Progress

Education & Innovation

Why? Important basis of future growth potential; supports emerging high-growth industries

How to Measure? R&D activity, venture capital, business startups, educational attainment, workforce skills

■ **#9** Venture Capital investment: \$251M in 2018 Q3 - 10th in the number of venture capital deals (21); 9th in the dollar value of deals.

■ **#1** STEM jobs (9.3%)

■ **#10** Public school expenditures per pupil (\$14,431)

■ **#3** Bachelor's degree attainment; #2 graduate degree attainment

■ **#6** Schools: Education Week, Quality Counts 2018 (down from #5 in 2017)

Overall B-

Chance for success B

School finance B

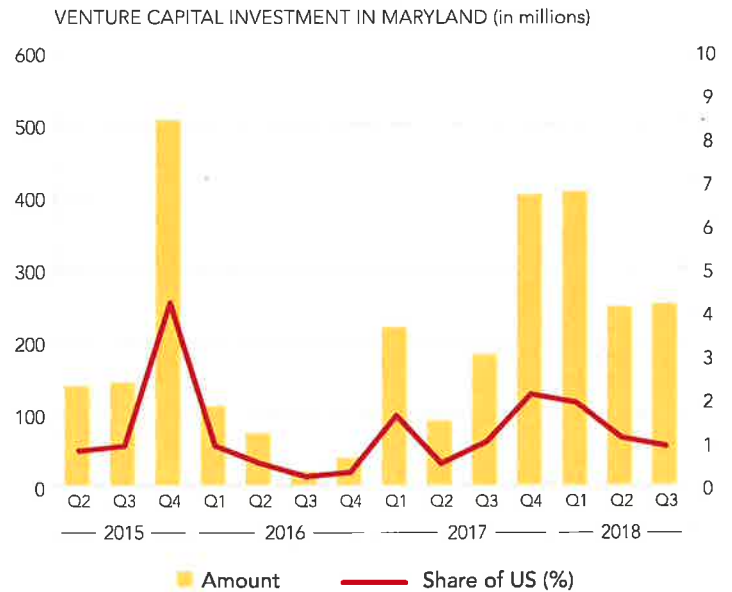
K-12 achievement C+

■ **#4** Small Business Innovation Awards 2017 (\$106.2M)

■ **#6** Life Science cluster

■ **#6** State New Economy Index 2017

Down from #5 in 2014



Source: PwC Moneytree

Workforce & Wages

Why? Indicator of workforce availability and skills, factor in cost of doing business and quality of life

How to Measure? Job growth, wage growth, labor force measures

■ **#33** Unemployment 4.1% Oct-2018

#25 in Dec-14 (5.5%)

■ **#11** Labor force participation rate (67.3%)

#14 in Dec-14 (66.8%)

■ **#28** Manufacturing jobs – Oct-17 to Oct-18 (2.0%)

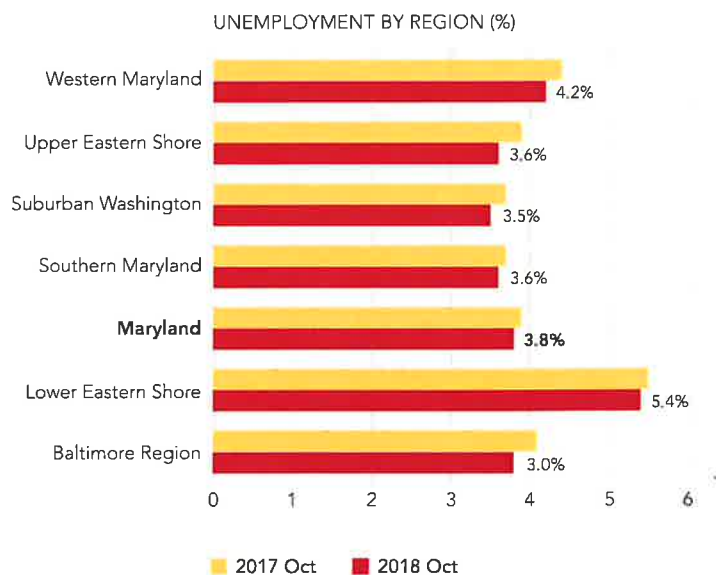
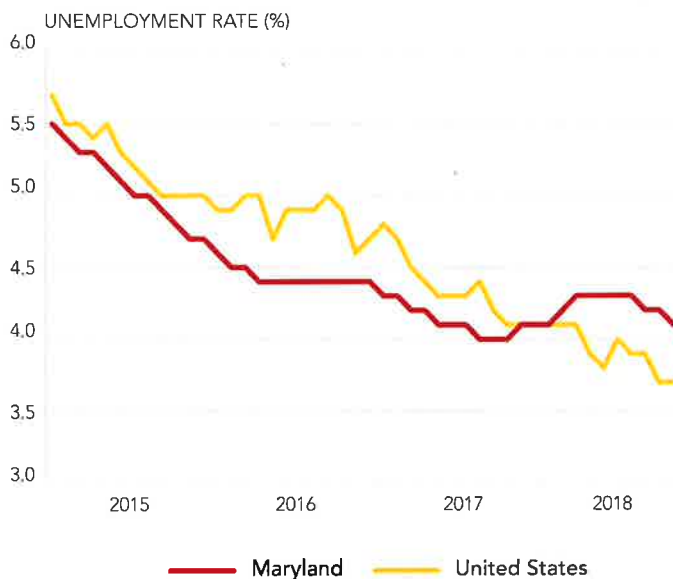
#45 in Dec-14 (-1.0%)

■ **#26** private sector average wage growth (3.5%)

#35 in Dec-14 (3.4%)

■ **#31** private sector jobs growth Oct-17 to Oct-18 (1.7%)

#31 in Dec-14 (1.7%)



■ Positives

■ No Progress

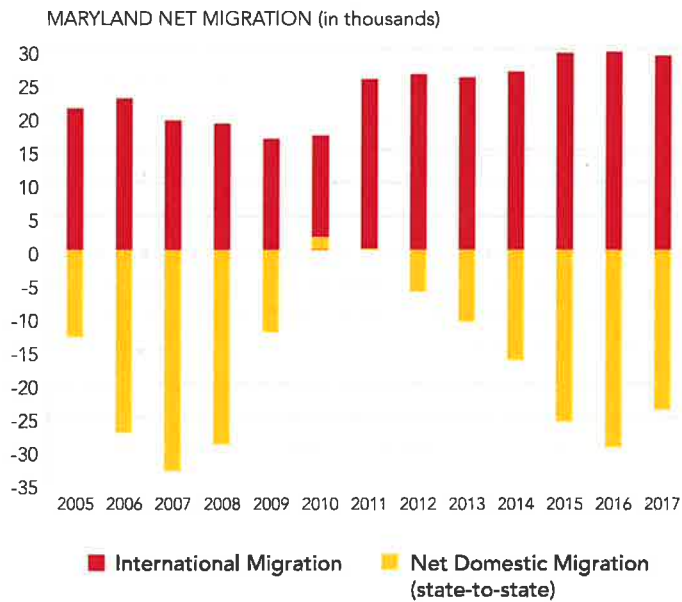
Population

Why? Necessary for vibrant economy; indicator of attractive quality of life

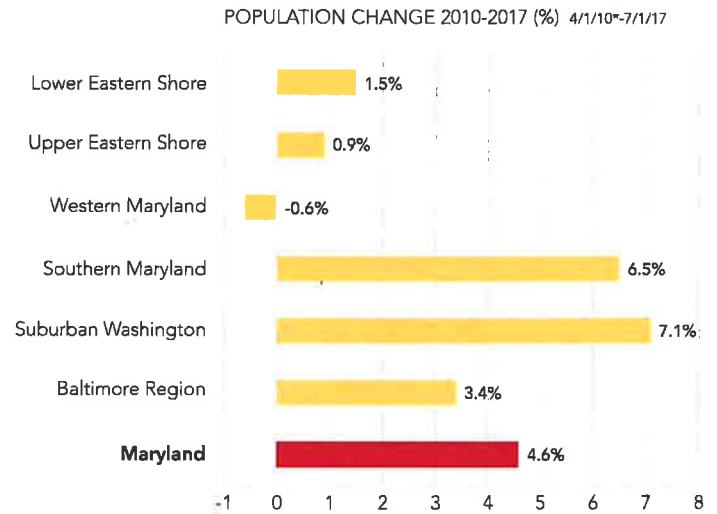
How to Measure? Population growth by region; domestic migration

- Growing millennial population – Baltimore and Washington top 5 increase in young college graduates (Pew Stateline)

- Western Maryland population increased by 78 in 2017—second straight year of increase
- **#1** Millionaire households for 2017 - 7.87% of households have \$1 million or more in investable or liquid assets
- **#27** Population growth 2016 to 2017 (0.45%)
- **#39** Rate of net domestic out-migration 2017



Source: U.S. Census Bureau, MDP

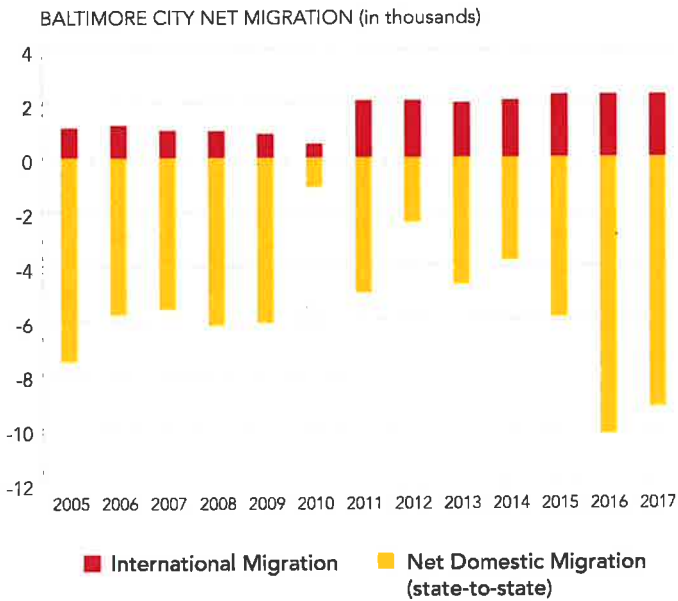


*2010 Census estimates base which reflect changes to the April 1, 2010 population due to the Count Question Resolution program.

Source: Population Division, U.S. Census Bureau, release date March 20, 2018

Prepared by the Maryland Department of Planning, Projections and State Data Center, March 2018

Baltimore Indicators



Source: U.S. Census Bureau, MDP

