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STATE OFMARYLAND

BOARD OF PUBLIC WORKS

ANNAPOLIS, MARYLAND

June 17, 2020
10:11 a.m.

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PRESENT

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Lieutenant Governor

HONORABLE NANCY KOPP
Treasurer

HONORABLE PETER FRANCHOT
Comptroller

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Secretary, Board of Public Works

ELLINGTON CHURCHILL
Secretary, Department of General Services

DAVID BRINKLEY
Secretary, Department of Budget and Management

GREG SLATER
Secretary, Department of Transportation

JEANNIE HADDAWAY-RICCIO
Secretary, Department of Natural Resources

MIKE LEAHY
Secretary, Department of Information Technology

JIMMY RHEE
Special Secretary
Office of Small, Minority and Women Business Affairs

LISA GRIGSBY
Recording Secretary, Board of Public Works

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning, everyone. We're back for another riveting episode of our virtual Board of Public Works meeting. It's been a very busy couple of weeks and since the last meeting we've been moving forward with our Governor's Roadmap to Recovery. And as you are all aware, we are now in stage two in the Roadmap and the Governor announced effective this Friday the 12th, or I guess I should say on Friday the 12th, we opened additional indoor dining, outdoor amusements were provided at the State level. And beginning this Friday on June 19th, sometimes called Juneteenth, there will be indoor fitness facilities opening, casinos, arcades, malls will be permitted to be opened with strict health and sanitation requirements, as well as asking for the physical distancing to continue. The State has been working diligently to take a common sense and gradual approach to reopening safely in order to balance our health concerns, our safety concerns, with getting our economy going and people back to work. We continue to want to make sure that people are safe, that they are healthy, and limit the potential spread of the coronavirus.

So although things are opening up, again, it's imperative that we all do our part to make sure that we keep ourselves and others safe. That is wearing the masks, practicing physical distancing, washing our hands frequently.

We want to make sure that we reduce the potential impact of a second wave. A lot of people believe that we're going to have that come fall. But we want to make sure that we reduce that. And when the time comes for people to get flu shots, because we don't want to be confused between, and we expect we're going to have some of that, confusion between the seasonal flu and the coronavirus.

But to move things along, we currently have more than 150 testing sites statewide, enough tests for everyone who wishes to have a test can receive one at no cost, no out-of-pocket cost on their part. And we strongly encourage anyone who wants to be tested, to get tested. And particularly individuals who have been in large gatherings over the last several weeks, to get tested as soon as possible.

Earlier this week, we did announce that the COVID positivity rate has dropped to less than seven percent. It's now less than six percent. And the number of patients in intensive care beds has fallen below 300, which is the first time in ten weeks that we've been that low. And since April 30th, overall hospitalizations are down 60 percent statewide. So we're making a lot of progress, significant progress. And that progress is due in large part to the vigilance of our citizens, who are taking the warnings seriously and the recommendations and guidance of the Governor very seriously as we've gone through this crisis.

So I want to shift gears just briefly and I want to take a moment to mention and recognize Joe Evans, the Assistant Vice President, University of Maryland Baltimore, who has represented the University of Maryland at these Board of Public Works meetings since 2005. Joe is retiring at the end of this month. And I know that he will be greatly missed by his friends and colleagues. You know, it's hard to believe that Joe is retiring. They say he has a 40-year career in procurement. He must have started when he was three or something, because he doesn't look like he's been around that long and working in this area, and is experienced in all types of procurement, including commodities, design and construction and services. And Joe, I hope that you've informed your replacement with regard to the idiosyncrasies of the Comptroller and myself. The Treasurer doesn't have any. But the two of us, those things that we pick on. But you have done a great job serving the University of Maryland and the entire System and the State, and representing them here at the Board of Public Works for the last 15 years.

So I want to say it's a tremendous pleasure to be able to present to you this morning a Governor's Citation, and I happen to have it behind me, and we'll make sure we'll get it to you, Joe, recognizing your service to the State. And I hope you'll put it in a prominent place, not in a closet or in a box in the basement, someplace that you can see it and remember, you know, your time, and that we appreciated your professionalism, even when the Comptroller and I have,

you know, fussed at you from time to time about a few things. It wasn't fussing at you. You're just the bearer of good news, or whatever.

So I want to say thank you. Is there anything you want to say at this time before we get to your Agenda items?

MR. EVANS: It's been great working for my home University, which is the University of Maryland Baltimore, representing the University System, and representing the citizens of the State of Maryland. It's been a great run. And I'm older than I look.

(Laughter.)

MR. EVANS: That's about it. I'll back out until we get to my Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: That's a good thing.

TREASURER KOPP: Joe, Governor, could I interrupt for a second?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, please.

TREASURER KOPP: Joe, come back. Thank you. Thank you. We don't do this very often, and we do it by hand. So we don't have the big thing. But I want you to know that someday in the mail, you will receive a copy, you can't see it very well --

MR. EVANS: I see it.

TREASURER KOPP: -- Citation from the Treasurer's Office, as well, that several people in our office worked on, I have to tell you. They weren't satisfied with anything. But a citation thanking you for your 30 years to the University and for your wise judgment in procurement and teaching people procurement. But also for your dedication, and then I penciled in and patience with the Board of Public Works, and your ability to make us eventually understand and see the light about things. And just to say that I'm sure the Comptroller and the Lieutenant Governor and the Governor agree, one of the great things the University has going, had going until the end of this month, I guess, is confidence and trust in you. And when you say something, we believe it. And when you say you'll come back with information, we know you will. And to me that's the mark of a great public citizen. And I thank you and you will continue to have my trust. And we hope to see you back.

MR. EVANS: Thank you, ma'am.

COMPTROLLER FRANCHOT: Could I add something?

LIEUTENANT GOVERNOR RUTHERFORD: Please.

COMPTROLLER FRANCHOT: Yes. So, Joe, I just wanted to thank you for the professionalism and the level-headedness and the courtesy that you always gave the Board of Public Works. And you know, we got kind of sometimes off the rails on design-bid-build and construction management, and all sorts of things --

LIEUTENANT GOVERNOR RUTHERFORD: I wasn't going to say --

COMPTROLLER FRANCHOT: -- nobody really cares about --

TREASURER KOPP: We do.

(Laughter.)

COMPTROLLER FRANCHOT: -- yeah, and the University System, frankly, was blessed to have you as their representative on their procurement issues. And you've done a fabulous job. And we're going to send a big framed proclamation from the Comptroller's Office. Ours is bigger than the Governor's. So you'll like it.

TREASURER KOPP: Much bigger than ours.

COMPTROLLER FRANCHOT: And or you can put it down in the basement with everything else. But thank you for being someone that we could disagree with, but never, ever be disagreeable with. So you're the best. Thank you.

MR. EVANS: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Joe.

TREASURER KOPP: -- not often disagreeable with, anyhow.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer?

TREASURER KOPP: Thank you. That's good news about the testing. I know people are very concerned, because of all the folks who participated in protests or in churches or in any other mass meeting, and we now, they have an ability to find out whether in fact in doing so they incurred harm to themselves, potentially to others, and if so, know what to do about it, how to self-quarantine and how to preserve their own health and that of their families. It's a tough choice. But I think sometimes we have to exercise our responsibility as citizens, protest things that we see, take the consequences, and now there is a way to take the consequences and to know. And I think that's very important.

We have later in this meeting, by the way, talking about people taking consequences, not always for things that they did. Two more cases of new cases of erroneous conviction. You know --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: -- I don't like the term very much. Erroneous conviction is so antiseptic. People who were in prison for extended times unfairly, unjustly, finally coming to some sense of justice. And I think we all agree that this is, we owe these gentlemen not only a financial payment, which we are making, but our sincere apologies and resolution to oversee changes in the system which will prevent this from happening in the future. Those are my thoughts for the morning, Governor.

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LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor and Madam Treasurer. It's always good to hear from both of you. Since we last met, there has been a wave of change sweeping across the nation. Peaceful protests against racism, bigotry and policy brutality continue all across the country and frankly around the world. And legislatures and law enforcement agencies at all levels of government are taking critical steps towards addressing policies that for years have stood in the way of progress within our communities.

The Treasurer mentioned just one issue that we're dealing with, which is illegal incarceration, or compensating folks for illegal incarceration. There are so many other areas that need to be addressed. With all of these steps creating a defining moment in our nation's history being laudable and noteworthy and I think there will be a long list of them considered by not just the State of Maryland and within Maryland, but also other states around the country and even the federal government. And there's obviously going to be more work to be done every after we finish the first wave of reforms. You simply can't address policing and social justice issues, and expect that "we've fixed the problem" and let's move on to something else. We must also realize that in addition to the discrimination issue, and the racism issue, there is economic inequality, and that

is a huge impediment to growth and success in communities of color across our State and across our nation.

Let me just give you one statistic. Nationally, the studies are showing that 22 percent of small businesses are going to be closed permanently because of the pandemic health restrictions, which I support, along with the Lieutenant Governor and others. You have to do that. But 22 percent of small businesses are never going to reopen again, is the estimate. And it comes from a very reputable Brookings Institution type of economic analysis thing. But within that 22 percent, it is estimating that 41 percent of all minority-owned small businesses, 41 percent are not going to reopen.

So we have to deal with this issue of economic inequality. And obviously, we need, we're looking at the deep roots of social injustice and policing practices. But we also need to enact policies that will achieve economic empowerment and we must create an environment that's conducive to the growth and success of all of Maryland's small businesses. Maryland is home to the highest number of minority- and women-owned businesses in the nation, according to a 2018 nationwide survey. There's obviously a lot we should be doing right now to support African American entrepreneurs and businesses in Maryland -- well, first of all, they are creating and sustaining generational wealth and providing wages and salaries to our neighbors. But we need to level the playing field. We can't have 41 percent of minority-owned businesses going out

of business as part of -- you get my drift. We cannot have this kind of imbalance. We need to level the playing field.

Now more than ever, our State faces the worst economic crisis in our lifetime. That's because of the enormous unemployment and the things that we have to do to right the coronavirus. All of us in State government must commit ourselves, I believe, to identifying solutions that allow Black-owned or minority-owned businesses to succeed and thrive. I'm very proud of this Board of Public Works that I've served on with the Treasurer and the Lieutenant Governor and Governor Hogan, and previous administrations. We've made great progress here in increasing the MBE participation in our procurement system. That's establishing aspirational goals that we are holding folks to as the Board of Public Works. I also want to applaud the Treasurer, because as Chair of the Board of Trustees of the Pension System, I happen to be the Vice Chair, she has worked very diligently to diversify our pool of investment property managers. So we've made some progress. But there's more work that we can and must do and we need to address the systemic inequities that have stood in the way of economic equality for African American and other minority Marylanders.

I look forward to working, obviously, with everyone, because we're all in this together right now, at all levels of government, on this critical endeavor to unit social justice with economic justice. Thank you both.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Very well said, Mr. Comptroller. Very well said. And a lot of the challenges for small businesses generally, but particularly minority-owned small businesses, is access to capital. And that has been a challenge for a number of years. Recently I was contacted by a small entrepreneur in Baltimore, a minority entrepreneur, about some challenges that he was facing. And unfortunately, some of it was just getting through a bureaucratic process. Because the capital, the guarantor was coming through a combination of City and nonprofits and some others, and they just, you know, the challenge with, the challenge with government and the same with, to a certain extent, the nonprofits, is that they don't always sense the urgency of the entrepreneur. That their funding is based on getting some additional funding or bridge funding, and it has to be done by a certain period of time so that they can open the business or expand the business. And sometimes in government, we can be more paper pushing, and it's like, okay, we'll get to it versus they need it now. You know? Or at least a time frame of when we're going to get it. And so, fortunately, we were able to correct the situation, working with the City to, you know, get that, you know, taken care of. But it was one of those things where it was sitting on someone's desk and just, you know, and people, you know, I understand that. But they don't always understand the urgency of the businesses. And as you've said previously, Mr. Comptroller, the businesses that have had to shut down or to limit their business during this

pandemic, they are losing money and they are still paying bills every day that they are not open. And so it makes it very difficult for them to continue to operate as we go forward. And so we all need to be aware of the challenges that these businesses are facing, even as we start to reopen. It's going to take some time for many of them to come back. And I think the Federal Reserve Chairman said that the impact on the national economy could be several years based on, you know, what has been taking place and still is taking place here.

So with that said --

TREASURER KOPP: Well, you know, this is a potentially wonderful point in time, too. Everything sort of broken open. You can see things more clearly and better than we have for a long time. And we have the capacity, actually, to make these changes. And my greatest hope is we don't waste the opportunity. But you're right to instill a sense of urgency, the urgency of the moment, the dreadful urgency of the moment, is a great potential for making very positive changes, just as the Comptroller and you have said. And I certainly hope we grab onto it and act.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. That's a very good point. Using the same, you know, energy that we used to attack the pandemic to attack some of the other issues that are still present --

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- in our society and economy and how we deal with one another. So thank you all.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Secretary, the Secretary's Agenda, John Gontrum?

SECRETARY GONTRUM: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 25 items on the Secretary's Agenda and 14 reports of emergency procurement. Item A14 is a supplemental report of emergency procurement. Items 2, 3, 4, 15, and 16 have been revised. I'm happy to assist with answering any questions.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question. John, is this a special day for you?

SECRETARY GONTRUM: It so happens to be, yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: And that special day being?

SECRETARY GONTRUM: It is my third wedding anniversary.

LIEUTENANT GOVERNOR RUTHERFORD: Third? All right. You're catching up with the Treasurer and Comptroller, yeah.

SECRETARY GONTRUM: It went by in the blink of an eye.

LIEUTENANT GOVERNOR RUTHERFORD: Congratulations.

SECRETARY GONTRUM: Thank you, sir.

TREASURER KOPP: Congratulations. I had the pleasure of working with John's wife, as the Comptroller's representative on the Board of the College Savings Plan. And I have to say that John three years ago married a truly outstanding woman, who both in her private life and her public position with the Comptroller's Office, seems to be thriving significantly. And we thank her for that because we like having John. Thank you.

SECRETARY GONTRUM: Well, I thank you. And I'm very happy to have the opportunity to memorialize for all time in the Board of Public Works' historical record that she is my far better half. So I thank you for those kind words, Governor and Madam Treasurer. And the Comptroller, actually, we had the honor of having him at our wedding back on June 17th in 2017.

LIEUTENANT GOVERNOR RUTHERFORD: Wow.

SECRETARY GONTRUM: It's an honor we'll never forget.

COMPTROLLER FRANCHOT: Well --

SECRETARY GONTRUM: So if there's any --

COMPTROLLER FRANCHOT: -- John and Emily met in the Comptroller's Office so I take some small pride in the fact that they are so happily married and their family so impressive. And of course I was the last person in the entire office to find out that they were together.

LIEUTENANT GOVERNOR RUTHERFORD: That's usually how it works.

COMPTROLLER FRANCHOT: Yeah. But I wanted to just comment on Item 8, which is some renovation money for three or four libraries around the State. I don't think our libraries quite get enough credit, Lieutenant Governor, if I could just --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm, sure.

COMPTROLLER FRANCHOT: -- I support Item 8, obviously. But I really appreciate the libraries around the State stepping up through the COVID-19 pandemic. And they have done all sorts of innovative work expanding e-books and digital materials for adults and children, opening portions of their facilities to daycare operations, expanding Wi-Fi hot spots into their parking lots to provide internet access for families who don't have Wi-Fi access at home, using 3D printers to produce personal protection equipment for our frontline healthcare workers. Those are just a few things of the amazing work that our libraries and library staff across the State have been employing. They don't get a lot of recognition, and I'd like to just use this item to say God bless the libraries of the State of Maryland. They strengthen our communities. Thank you.

TREASURER KOPP: I second that.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, very good.

TREASURER KOPP: Our library, our small, local county library, just got a wider broadband capacity and its now beaming out lectures and events

to the whole community. I mean so many more people than could fit into the library in a week -- it's wonderful. It's wonderful. And it's devotion.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, no, it's very nice. And isn't that, if I'm not mistaken, that's a legacy of Benjamin Franklin, wasn't it? That opened the first public library in Philadelphia?

TREASURER KOPP: Yes. He was known for, I think --

LIEUTENANT GOVERNOR RUTHERFORD: Well --

COMPTROLLER FRANCHOT: Is there anything Ben Franklin didn't create? I understand he was the first postmaster, also.

TREASURER KOPP: Everything. Everything. Yes, he was.

COMPTROLLER FRANCHOT: The head of the post office, and --

TREASURER KOPP: He invented electricity, I think, just like --

LIEUTENANT GOVERNOR RUTHERFORD: -- kind of discovered it --

COMPTROLLER FRANCHOT: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: I also had on Item 15 through 19, which the Treasurer already mentioned --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: -- Lieutenant Governor. And I'm just very happy she did because this is going to compensate two wrongly incarcerated Marylanders, Eric Simmons and Kenneth McPherson, and approve the final payments for Ransom Watkins and Andrew Stewart. The compensation obviously cannot make up for the many, many decades, frankly, that they spent behind bars, separated from their families, friends, and loved ones. Years that they could have spent pursuing their hopes and dreams, instead they were locked up. Like all Marylanders who have been imprisoned wrongfully, all of these individuals are victims of a broken criminal justice system. Frankly, it plagues the nation. No dollar amount can restore what was taken from them. But I do hope that this action today provides some solace and a sense of vindication to these five Marylanders. I compliment my colleagues on the Board of Public Works for cutting through the Gordian knot of impediments to making these kinds of payments. And I think it's entirely appropriate.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Absolutely.

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Simmons and McPherson spent nearly 24 years in jail imprisoned during that time and the young men, Mr. Stewart, Watkins, and Chestnut, 35 years, and started as minors when they first went in. And that's, you know, like you said, you really can't get that time back. And the compensation is really just so small when it comes to 24

and 35 years of your life taken away from you. So again, and I, you know, echoing the Treasurer's words, this is an opportunity. We're in a moment in time when we can make some systemic changes that hopefully we won't have this kind of situation occurring in the future.

COMPTROLLER FRANCHOT: I have a concern about Item 14 if, unless you would like to take something else --

TREASURER KOPP: Could I --

LIEUTENANT GOVERNOR RUTHERFORD: I was going to mention the settlement that's Item 20, since we hit 19 and all. And I'm glad to see that this is being resolved. The Attorney General's Office is paying part of it. It's unfortunate. This is a piece of legislation that was meant well to address the costs associated with prescription medications. The Governor had concerns that it wasn't constitutional and the Court of Appeals, that's the Federal Court of Appeals, has ruled the same way. And so it's unfortunate that we have to get to this point, but we need to be a little bit more careful as we try to do the right things and address challenges to understand that there are constitutional restrictions. And we can sometimes go too far with good intentions.

TREASURER KOPP: Governor, on that issue could I just say, I support the item. The Court voted by a one-vote margin, two to one, to turn down the State's argument. I happen to think the Court was wrong, but I'm not a constitutional lawyer and I support the settlement. I think it makes a lot of sense.

But this price gouging by drug companies has got to be attacked. It should be attacked on a national level. It's interstate commerce, according to this one-vote margin. I think we are right and we have to find another way, now, to protect our citizens. That's what the case was about, and I think it was, I agree with you and I'm sure with the Comptroller, that it was a very good purpose, the goal. And the question is how we can do it within the constraints of this one judge's decision.

LIEUTENANT GOVERNOR RUTHERFORD: Two judges. Two judges.

TREASURER KOPP: Two judges. One judge margin, you're right.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Two judges, and the three. So it is still a majority.

TREASURER KOPP: Yes. Yes. I have a question, just one, Secretary Brinkley, in number three, Item 3, the vehicle fleet purchase for this year. I understand that the standards for this year are the same, for this coming year, are the same as for the present year. Have we made much progress in --

MR. BRINKLEY: The big impediment, Madam Treasurer, is certainly the infrastructure that we need. And DGS is working on trying to make sure that we can have that. Otherwise, agencies are saying we really have challenges in having either plug-in vehicles or any type of fully electric. And the other impediment we have is just the supply. Other than luxury car makers, a lot

of the other manufacturers really aren't putting that many on the market and they have slowed things up as a result of COVID. Their whole production lines got pushed back. So all we are doing is maintaining the current inventory list for agencies to consider. And again, our goal moving in that direction, and then add and identify some. I think Nissan came out with an electric vehicle that a lot of people had agreed to buy. Again, then it became an infrastructure thing and I know that's just an issue we'll have to take up with DGS. But they are working diligently. They also got sidetracked on some of the emergency procurement issues that they had with COVID. But we do want to get back on track.

TREASURER KOPP: Well, the Secretary of the Department of General Services said to us two weeks ago, as I recall, that he also was very interested in moving forward. We're not going to be able to achieve our legal goals in greenhouse gas emissions without electrifying the fleet. We don't have a long time to do it. And I understand, and I understand that the gentleman who usually represents you on this issue is ill and I hope you'll send him all our regards. He makes a very good presentation, I think, and another person who is quite trustworthy.

MR. BRINKLEY: Thank you for that.

TREASURER KOPP: We have to go forward. And the Lieutenant Governor knows full well that one of the problems is the infrastructure, the charging station infrastructure, which once in place will not only allow us to

electrify our public fleet, but will give the public a great deal more confidence in buying electric vehicles themselves. So I would hope that in the next year this is going to save a lot of money, except for people who depend on the Transportation Trust Fund and the gas tax. But, and will help, we hope, save our atmosphere and help fight climate change. So I understand this is a difficult year. It's got all the problems you said. But our goal is still the same. And whatever we have to do in terms of short term spending for long term savings of both the environment and financial savings, I think we really have got to devote ourselves to doing it. And I hope maybe you, Mr. Secretary, with Secretary Churchill, can reach out to the other agencies and departments and convince them all that that's what they want to do, too. If they are fortunate enough to get new cars, which I know many are not, if they are cars and trucks, to think of, to think of electric. And I know when you sent us a letter, you said essentially you have to get electric or plug in, or justify why not.

MR. BRINKLEY: Yes. We set a strong trip wire for that. And I know I told you this offline several weeks, or maybe months ago. I don't know that the other members of the BPW know. But last summer, I reached out to the Mayor of Annapolis, just so that, and we sat at Starbucks down on Main Street just to have the conversation that if you guys start a conversation on electrification or charging posts, talk to us. Because we are having the same conversation. And rather than work at cross purposes, let's talk together and try

to do something that benefits the State facilities, the State recharging, and then also for the commuters who might come into town and enjoy the restaurants and the night life of Annapolis. And then maybe there can be some type of cooperation.

TREASURER KOPP: All right. Well, thank you. I look forward to continuing this discussion with the department.

LIEUTENANT GOVERNOR RUTHERFORD: Secretary Brinkley, I suggest you also talk to, or as was mentioned, to Secretary Churchill. Because we, as you remember last week, we talked about the possibility of using some of the Volkswagen settlement money to purchase these vehicles. And I don't know where we are in that process. And I haven't talked to our counsel. We've had a change of the Governor's counsel who used to be following that with the Attorney General's Office so that we could possibly utilize that. At least the DGS, maybe even DNR, with regard to the Ford truck. I think that's at least one step that can be used to go in that direction, since we do use trucks down here in Annapolis from time to time with DGS. So at least start that process. And then like your conversation with Mayor Buckley here in Annapolis, we may want to reach out to the folks in Baltimore City where we have a large number of State employees, probably our largest concentration of State employees aside from the universities are in Baltimore. And I would say even including, because we have four State universities right there in Baltimore, as well as all the employees that

are spread around the City that probably are using some type of vehicle. State Center, of course, uses a lot of transit, which is good. But also to talk to them about what they are doing in the City.

MR. BRINKLEY: Thank you, Governor. We'll reignite that conversation with Secretary Churchill. I did mention all that to him, and whatever he had in place, just to talk to the City down there for that purpose. But we have not extended to Baltimore City, that I know. He might very well have. And it's just because I had ongoing conversations with the Mayor on other issues --

LIEUTENANT GOVERNOR RUTHERFORD: Oh --

MR. BRINKLEY: -- Calvert Street at the time, with the bike lane and everything else. So we just were trying to cooperate there. But I'll --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, what I will do, I'll make this promise. I'll reach out to the current Mayor, and maybe even the Council President on this issue.

TREASURER KOPP: The incoming Mayor.

LIEUTENANT GOVERNOR RUTHERFORD: Possibly incoming. But there's still --

TREASURER KOPP: Possibly.

LIEUTENANT GOVERNOR RUTHERFORD: -- an election in November.

TREASURER KOPP: Right. Sorry. I beg your pardon, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Additional questions on the Secretary's Agenda? I think the Comptroller --

TREASURER KOPP: Yeah. Is the inmate medical care, that's on the Secretary's Agenda, is it?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

SECRETARY GONTRUM: Correct, Madam Treasurer. That's Item A14.

TREASURER KOPP: -- good morning.

SECRETARY GONTRUM: Secretary Green is here to answer questions about the item.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

TREASURER KOPP: I think that the, if we could just, I think the Comptroller was interested.

MR. GREEN: Good morning, Madam Treasurer.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, he stepped away for a moment. We can --

TREASURER KOPP: Before we get to that, could I just point out, this is just to fill time, although there are a number of great historical capital grant items, Item 12.

LIEUTENANT GOVERNOR RUTHERFORD: Item 12?

SECRETARY GONTRUM: Item 12 --

TREASURER KOPP: I want to draw your attention to --

SECRETARY GONTRUM: -- Maryland Historical Trust grants. We have Barbara Fisher, the Capital Grant Administrator, and Charlotte Lake, the Administrator of the Office of Preservation Services, available to address the grants.

TREASURER KOPP: Well, I just think they sound -- I don't know all of them. But I will tell you that there is one that I do know of in Montgomery County. I, the National Park Seminary.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, yes.

TREASURER KOPP: Yeah. I am pointing that out only because, first of all it has a fascinating history. And secondly, about 115 years ago, my grandmother went from St. Louis to Silver Spring for a year of finishing school. That was the -- it's National Park Seminary. I think maybe it was the Seminary for Young Ladies or something like that --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: -- at this site. So I'm sure it's $100,000 well spent. It's a fascinating place, District 19, or 20. Is it District 20?

LIEUTENANT GOVERNOR RUTHERFORD: I don't know. I don't know the districts.

TREASURER KOPP: Seminary, it's where Walter Reed was.

COMPTROLLER FRANCHOT: No, that's in D.C.

TREASURER KOPP: Okay, it's right at the line. But at any rate, I was just filling space until we got to --

COMPTROLLER FRANCHOT: Oh, well thank you. Thank you, guys, very much for waiting. But I think Item 14 is what I'd like to talk about just for --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

SECRETARY GONTRUM: Item 14 is a contract from St. Mary's College. We have Paul Pusecker, the Vice President for --

COMPTROLLER FRANCHOT: A14. A14, sorry.

SECRETARY GONTRUM: A14?

COMPTROLLER FRANCHOT: A14.

SECRETARY GONTRUM: Thank you, sir. Thank you, sir. A14 is the report of an emergency modification to the inmate health contract. We do have Secretary Green available to answer questions on it.

COMPTROLLER FRANCHOT: Excellent. And thank you, Secretary Green, for your staff and yourself providing a lot of information to us on this issue. Obviously, we have, as you strongly agree, I know, we have a statutory obligation to, and also a moral imperative, frankly, to ensure the safety and well-being of the inmates that are under our care. This is the medical contract for the State of Maryland's inmates. And Lieutenant Governor, I understand there

are some people who have signed up for this. But I'd like to, if possible, go through a few questions for Secretary Green first, and then maybe you can hear from whoever it is that might have signed up for it. Is that okay?

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: The -- I guess I'm concerned about the manner in which the department, Mr. Secretary, signed off on significant increases for Corizon, the current vendor, and how those taxpayer dollars are being expended. I'd like to just start by talking about safety measures, because I read about them in the newspaper today, and maybe you could update us on how the correctional staff officers are being protected. I learned sadly that a 20-year veteran correctional officer died after contracting COVID-19 and that has set off some alarm bells as far as are we protecting the correctional staff. There is an article dated June 8th in *Maryland Matters* about an operational report from the department that indicates, according to the document that, "strictly prohibited from reporting to work wearing a mask." Is that something that the, maybe I misread that line, but that's not policy of the Corrections Department, is it? That their employees, the correctional officers, not wear masks?

SECRETARY GONTRUM: I believe you are muted, sir. If you wouldn't mind unmuting your audio, please?

COMPTROLLER FRANCHOT: Been there, done that, trust me. So how do we communicate through sign language if this is not working?

SECRETARY GONTRUM: Secretary Green --

LIEUTENANT GOVERNOR RUTHERFORD: We're still not hearing you.

SECRETARY GONTRUM: We're still not hearing you, sir.

TREASURER KOPP: Maybe he could use his phone. No, seriously.

COMPTROLLER FRANCHOT: I don't mean to smile. But this technology, it devils me as much as it does apparently the Secretary.

LIEUTENANT GOVERNOR RUTHERFORD: Maybe you should sign out and sign back in.

SECRETARY GONTRUM: I think the Treasurer is right.

TREASURER KOPP: -- rebooting.

COMPTROLLER FRANCHOT: Treasurer Kopp, while we are waiting, the front page of today's *New York Times*, one of the lead articles, is about how a clinic down in Texas, hopefully they are not up here in Maryland, recently charged for the coronavirus test that I was mentioning my experience with this morning, down in Texas they charged $2,115 for a test. And the insurance company, I guess, is hopefully going to protest that. But you talk about price gouging with --

TREASURER KOPP: That's terrible.

COMPTROLLER FRANCHOT: -- with prescription drugs. I mean, this is a company, they also charged over $6,000 for one test and apparently they apologized for that. They said they had mistakenly charged three times their normal price.

LIEUTENANT GOVERNOR RUTHERFORD: $6,000, so $2,000 would be their normal --

COMPTROLLER FRANCHOT: Yes. That's called price gouging.

TREASURER KOPP: That's terrible.

COMPTROLLER FRANCHOT: Anyway, and today's *New York Times* has an article that may draw your interest. Mr. Secretary, are you back?

MR. GREEN: Yes. Yes --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, we hear you.

MR. GREEN: -- Mr. Comptroller. My whole system began to buffer at about the time you began to speak, Mr. Comptroller. And I was hearing, my apologies, I was hearing about every other word. So --

COMPTROLLER FRANCHOT: I'm sorry. Okay. Well, let me just start over again because I was talking about preliminarily, not the Corizon situation, which I have a few questions about. But there was a report in June 8th *Maryland Matters* about your corrections officers being told not to report to work wearing a mask. I'm not sure whether that has been, whether that, I misread the

line, or what is the prohibition, if any, on employees arriving wearing proper safety precautions like wearing a mask?

MR. GREEN: We -- thank you for that question, Mr. Comptroller. We put our staff in not only masks, face shields, and gloves very early. I'm aware of that statement, though it's on or about March 23rd that there was a comment that we were not allowing staff to wear masks. There was a point in time where there was a decision between those that we were issuing and those that staff had that would fit them more comfortably. But we began wearing masks in our system in the month of March, producing them, the staff and the inmate population. And it is policy and mandatory for a mask, face shield, and gloves in our system today and was then. CDC moved to a cloth mask protocol around April 5th and we were in advance of that as well, Mr. Comptroller.

COMPTROLLER FRANCHOT: Excellent. So your corrections staff are being provided masks, and I love the idea of a face shield also because that also I think is going to become more and more common, frankly, in public. But good. Thank you for protecting your staff.

If I could --

TREASURER KOPP: Comptroller? Comptroller, could I just, my understanding is, and you can tell me if I'm wrong, Mr. Secretary, that in the beginning there was, in the beginning, there was significant confusion. And in fact, individual staff members were told not to wear them. I hear now from the

staff that by and large, in fact, it has improved significantly in that regard and that they are equipped. But they were told not to wear them. And when at least one came with her own mask, was told she couldn't, she couldn't wear it. She was prohibited from wearing it. So I'm glad if that's been improved. But I wouldn't want people to think it never took place.

MR. GREEN: Madam Treasurer, if that took place, and you have that information I'm sure it possibly could have, if a staff member showed up in a mask we were, we were evolving.

TREASURER KOPP: Yes.

MR. GREEN: When we declared this emergency of March 5th, one of the first things we did was, again, shut down intake into our facilities and took measures that, frankly, we led many other systems in the nation in. But as we evolved, could that have occurred as we were going through the masks that we were making, the masks that we were issuing, to make sure people had the appropriate PPE early in this pandemic? It absolutely could have occurred, Madam Treasurer, as we evolved. But we are across the board masks, face shields. And to the Comptroller's note, the face shields were something that we introduced very early and I think has been very critical in our mitigation efforts. But we continue to listen to, work with our union, have monthly meetings, and to make sure our staff are well protected. Because the health of our staff, our population in a congregate environment, are very much intertwined.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: Okay. So if I could get to the main point here of this issue, it's that we're being asked to approve an emergency contract for Corizon to add $3.2 million on a monthly basis, I believe, until the end of the year for dealing with COVID-19 related issues. That's a 30 percent increase in their monthly contract. Obviously we have to pay the money for the months that we've already had this in place. My concern is now for the months going on from here through the end of the year. Why exactly are we paying this company $3.2 million a month to deal with COVID-19? Particularly why are we doing it in a way that reduces some of their liability? And I guess the concern here is that we're simply reimbursing this company for its own failures as far as implementing the contract that they signed to and agreed. And here we are paying extra money and attributing it to COVID-19. But a lot of concerns about the accountability for this. So here are my questions, I guess. Didn't the projections back in March fail to match up with actual infection and mortality rates for the prison population for the first, for the last three months? And therefore, why are we sticking with the $3.2 million if in fact, thankfully, there was less of a problem than we thought?

MR. GREEN: Thank you for that question, Mr. Comptroller. I did want to note for the record, also joining me today on the line for our questions are Dr. Baucom, who is our Director of Clinical Health Services and our Chief

Medical Officer, as well as our Deputy Secretary of Administration Chris McCully, and our Assistant Attorney General Nathan.

Mr. Comptroller, as you know and we've discussed, this emergency modification was established with a great sense of urgency while we all watched what was unfolding around the world, while we watched what was unfolding in other facilities, as our Governor declared this healthcare emergency on March 5th. This was a point in time decision to make sure that we safeguarded the healthcare of over 18,000 individuals that are in our custody. And we've made those projections based on the type of contract that we have in place. This is a flat rate contract. As you know, before you you have a modification request for a six-month initial period, with a three-month option to renew. And the department would not exercise any option to renew without coming before the Board of Public Works in the future to discuss that.

The projections that we were looking at March 5th and beyond were projections that were national projections. We were looking at the potential of what would the impact be of a 25 percent infection rate, a 50, a 75 percent infection rate. At the time that this was established, Mr. Comptroller, we were seeing systems around the country and facilities that were experiencing 50, 60, 70 percent infection rates. We were hearing of the potential for hospitals to be overrun, a lack of external providers and individuals to assist us in doing this work. We utilized the base methodology of the current existing contract that was

approved in '19, 2019, was a flat rate contract. We utilized the factors and projections that we had before us at that point in time and that we are still monitoring to establish that flat rate of 30 percent increase, which results in a 4.2 percent increase to the total compensation of the contract.

If I may, Mr. Comptroller, today as we look at our system, we publish our data of testing and cases across our system, we have tested 4,036 staff with 407 positives and 266 staff have recovered. We've tested 7,892 inmates in our system with 359 cases. Ninety have recovered and, sadly, eight deaths have occurred due to COVID-19, one of those in a system external to the State of Maryland where an individual was being housed.

Mr. Comptroller, those are the type of projections that we were looking at at the time of this emergency modification. We continue on a daily basis to meet with MDH, as we have from the beginning of this, to look at our acuity, to look at our rates of hospitalization, ICU care, and continue to evolve a care model based around the numbers that we are seeing now and looking towards the future and trying to plan for the future, Mr. Comptroller, based on what we are seeing and also hearing around resurgence.

We've also instituted point prevalence testing for our entire system, our staff as well as the inmate population. The vendor is handling that point prevalence testing, which will also inform us system wide of additional asymptomatic cases, treatment of that asymptomatic --

TREASURER KOPP: Excuse me, Mr. Secretary? Could I just interrupt?

MR. GREEN: Yes, ma'am.

TREASURER KOPP: What is point prevalence testing?

MR. GREEN: Point prevalence testing, the Governor directed universal testing for us as a system by order. Point prevalence is a bit more involved, where we're doing it at a point in time and then there's actionable data and information used out of that point prevalence to continue to inform the system into the future --

TREASURER KOPP: Okay.

MR. GREEN: -- inform movement, medical care, predictions, and other models.

TREASURER KOPP: But the prevalence is at a particular point in time?

MR. GREEN: Yes, it is. Thank you for that question, Madam Treasurer.

TREASURER KOPP: I interrupted --

COMPTROLLER FRANCHOT: No, that was a very good question. And if I could just ask the Secretary to summarize here, because my reading of this is when we approved this contract originally, it was a $680 million contract for medical care of the prisoners. It was a very controversial contract and

there were allegations that the winning vendor had underbid the contract by $50 million. We kind of brushed that aside because everybody said, no, it's fully bonded and they are going to do their job and they are terrific and we love them. Well, all of a sudden we've got this $3.2 million nine-month emergency contract which is about $30 million, and I'm looking at the April receipts that apparently of the $3.2 million, only $2.5 million was spent on COVID-19 related expenses. So that's $700,000 in April that Corizon did not spend. Did they return that to the State, I guess, is that question?

MR. GREEN: No, Mr. Comptroller. The emergency modification did not provide for a return back to the State of any funds based on the flat rate increase.

COMPTROLLER FRANCHOT: Well, shouldn't it? Because otherwise we lose accountability. But there's language that states also in the agreement that the department agrees that it will not assess liquidated damages for services rendered during the term of this modification. So why did you give up the ability to assess damages if the vendor does not perform their services? And second, why would the department give this up? Isn't that a protection for the State's taxpayers in case a vendor, against everybody's good wishes, actually ends up giving poor performance? Why would we give that up?

MR. GREEN: Thank you for that question, Mr. Comptroller. We do not intend to give up our right of liquidated damages for performance of the

care, the healthcare of the inmate population. The liquidated damages evolved around the staffing pattern, which has continued to evolve with this vendor. This vendor started with us in a significant staffing deficit, which the incumbent has now helped us fix in a significant way. We still have significant control on clinical healthcare, how Dr. Baucom monitors that, how we maintain quality control. The $2.5 million that you mentioned for the month of April, Mr. Comptroller, was those figures that we got from Corizon that were directly related as they saw it. The ability for us to be nimble, reactive, and responsive across the board in everything else that we were doing related to medical care and this contract were also considered in those provisions when we did a 30 percent flat fee.

COMPTROLLER FRANCHOT: Okay. What happens if the emergency is declared over, I don't think it will be, probably, but let's assume for the sake of speculation that the emergency ends in Maryland. Are we obligated to pay the 30 percent increase?

MR. GREEN: The department has the ability to exit out of this contract at any time we need to in the future, sir.

COMPTROLLER FRANCHOT: Okay. That's a good -- thank you for that information. And then, are we all by ourselves around the country in having this kind of flat fee being granted to prison providers, prison healthcare,

inmate healthcare providers? Are we one of the very few, if not the only state in the country, that does this?

MR. GREEN: Thank you for that question, Mr. Comptroller. In my conversations with my colleagues across the country, there are various methodologies to the, contracting format methodology that they use across the country. I cannot answer the question if we are one of the only ones that have a flat fee. This contract was established before I arrived. The flat fee, as I understand it, was a part of that original RFP. But across the country I will tell you, in conversations with my colleagues, all have experienced significant, that I have spoken to, a significant increase in healthcare costs, operational costs, collaborative costs, co-occurring costs around the COVID-19 pandemic. And some have noted a very excessive and very high impact to their system.

COMPTROLLER FRANCHOT: Well, I respect that, and thank you very much for, once again, the interaction. I just don't feel comfortable with this notion of these flat payments being made for a specific purpose but then not really being tied to that specific purpose in a specific way. So I would like to hear from my colleagues, but I'd also like to if anyone else is going to be testifying. But at the end of the day, I'd love to remand this report to the department with instructions that it terminate this emergency modification with Corizon, but proceed to reimburse Corizon for all COVID related expenses on a monthly basis. And the expenses should be reimbursed upon receipt of a detailed breakdown of

expenditures. And hopefully that could be shared with the Board. And I'd also request that whatever the result is as far as my colleagues, I think that would take care of my concern that we're getting ourselves signed up for expenditures that can be used for non-COVID expenses, I guess is the way to describe it. But why don't I stop and just see whether there's any support for that kind of a I guess pay as you go situation. And I'm sure Corizon would be agreeable, because they are already submitting receipts to you. So if they have to do something extra to protect our inmates, and they can give you a receipt for it, fine, we should pay them. But I don't think giving them $30 million without any strings attached is the right thing to do.

LIEUTENANT GOVERNOR RUTHERFORD: Let's hold your motion in abeyance --

COMPTROLLER FRANCHOT: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: -- until we hear from everyone.

COMPTROLLER FRANCHOT: Thank you.

SECRETARY GONTRUM: We do have some requests --

LIEUTENANT GOVERNOR RUTHERFORD: Before we move --

TREASURER KOPP: At some point could the Secretary, after we hear from people, I'd like to hear the Secretary, what the Comptroller says makes a lot of sense to me. I'd like to hear how it would impact both the Secretary --

LIEUTENANT GOVERNOR RUTHERFORD: Well maybe, yeah, maybe Secretary Green you can respond at this time, before we get to the witnesses.

MR. GREEN: Thank you, Mr. Comptroller. So the methodology used was the flat fee rate of the existing contract. Looking at the numbers that potentially could happen in the future, looking at the continued impact of the pandemic upon our operation, what we don't know, at the point in time that we established this, this contract allows us to be nimble. It allows us to be very responsive, proactive as we can versus reactive in a very evolving situation. And again, based it on what could have been. That number I believe could have been significantly higher as we continue to look at the care model as COVID-19 unfolds in our system.

TREASURER KOPP: So you're saying that the Comptroller's response of reimbursement could result in paying more than increasing the flat fee by a third?

MR. GREEN: Right now, we are at a flat fee of 30 percent, which is based on the research and the model that we did. If we go to a different model of that actual cost moving forward, we think that on some of our projections, we

were absolutely conservative of what potential costs could be. Right now in terms of hospitalizations, in hospitalizations, we have five in the hospital in acute conditions. We have seven in our Jessup surge facility, and five in a surge facility downtown under treatment right now. That number has varied. The hospitalization model has yet to be seen or completely played out in our system.

COMPTROLLER FRANCHOT: I think I've offered a pretty good solution, which is pay them what they can prove they are spending for COVID-19 and no more. And but I'll leave it up to the experts to sort it out. I am a little skeptical about the explanation that a $680 million multiyear contract would not include the relatively small expenses of this emergency contract. But I don't, I think it's a moral imperative to take care of the healthcare of inmates, so I'm certainly, if it's proven that these dollars are being spent on COVID-19 issues, I'm happy to sign off on payment. It's just the idea that, no, they are being, it's kind of like a little flexible fund that can be spread throughout the company. That's what I find unacceptable --

LIEUTENANT GOVERNOR RUTHERFORD: Secretary --

COMPTROLLER FRANCHOT: -- defer to my colleagues.

LIEUTENANT GOVERNOR RUTHERFORD: Secretary Green, is it your concern that we may experience a spike? It's that why you say it could be higher by just seeking reimbursements?

MR. GREEN: Well, thank you for that question, Lieutenant Governor. We're in the point prevalence testing peak is what we're doing now. And we are seeing some increases in case identification, and the acuity and spread of this virus is still evolving for us. And we could absolutely potentially see spikes in the future as the care model continues to unfold. We are as a system lagging a bit behind the community model in our congregate setting based on very good protective measures and mitigation measures on the front end. But our staff go home every day. We must stand up elements of our system, the courts that will be returning and are in session now. The month of June, we initially had 1,000 transports outside of our system. So the model we have had in place of really keeping our systems as closed as we can must change. And with those external vectors and external opportunities of individuals leaving our system and those coming into our system, one can only predict that it creates a strong potential for an increase while we are trying to mitigate at every one of those turns. There are some projections that would say that, yes, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, let's hold the motion and then we'll listen to, we had a couple of witnesses that wanted to testify. John?

SECRETARY GONTRUM: Yes, Governor. We have two requests for public comment. It's my understanding that it's the intention of the

Board for public comment to be limited to three minutes. The first person we have available for public comment is Mr. Bruce Bereano.

LIEUTENANT GOVERNOR RUTHERFORD: Never heard of him.

MR. BEREANO: Can you hear me, please?

SECRETARY GONTRUM: Yes, sir. Please proceed.

MR. BEREANO: Good morning, members of the Board. For the record, Bruce Bereano on behalf of Wexford. Thank you for the opportunity to speak. I will try stay within the three minutes.

Very respectfully, I really disagree with a lot of what Secretary Green has indicated. The flat fee contract that was entered into is absolutely irrelevant to this notion of reimbursement for COVID-19 expenses. I fully agree with the Comptroller that the COVID-19 expenses should be reimbursed and we have a constitutional and a moral and a legal obligation to take care of the inmates. But we need to look at the historical background of this contract.

Corizon underbid it by $50 million. They got the contract. Four times before the COVID-19 occurred, four times their executives came to the State of Maryland and asked for more money, that they could not do the contract for 650. And they were turned down. And I believe they are using COVID to try and get that money that they could not get previously.

Very respectfully, Mr. Secretary, there is no provision in this contract for any limitation on liquidated damages. Any and all liquidated damages, as it said in the contract, are waived for six months, all of them. If you look at the bottom of it the department agrees that they will not assess liquidated damages for services rendered during this modification. That's all services. The notion of the State giving that up for six months, there's nothing exempted from that statement at all.

Secondly, every other state, every other state, my client is in five different states, some with populations, prison populations larger, respectfully, than Maryland, were doing a reimbursement. Show, document what you did, and you get reimbursed. No state that I know of, and I've done everything I can within the time frame to look at every other state, no state is doing a flat fee payment with nothing returned.

I fully agree the State should pay for actual documented expenses, but not give them $30 million extra from taxpayers' money in a very difficult time in the State, you all know it. I just think it's a way of bailing out a company that has its financial difficulties and underbid this contract. I think the Comptroller's motion is sensible, is fiscally responsible. You're talking about taxpayers' money, very respectfully. If there are expenses, yes, they should be paid. Under the current contract, Corizon is responsible for hospitalization costs, just like Wexford was when they had it. So that should not be part of it. But the fact that

the original contract is a flat contract is totally irrelevant to this COVID situation. I know of no other state, particular the five states my client is in, where they are getting a flat payment and no money being returned.

Later on in this Agenda, you have through the Department of General Services, you have a contract where you are going to be doing an opioid testing in the prisons of the Secretary's. And it says --

SECRETARY GONTRUM: -- Mr. Bereano.

MR. BEREANO: -- any money that's not spent will be returned to the Treasury. I urge you --

SECRETARY GONTRUM: Thank you, Mr. Bereano.

MR. BEREANO: -- and it's fiscally responsible for the stature and credibility of the Board. Thank you very much. I'll be happy to answer any questions.

SECRETARY GONTRUM: Thank you, Mr. Bereano. The next person we have who has signed up to give public comment is Mr. Philip Andrews.

MR. ANDREWS: Good morning, members of the Board, Lieutenant Governor Rutherford, Madam Treasurer, Mr. Comptroller. Phil Andrews, Maryland Council for Corizon Health. I'd like to respond to a couple of things, including some speculation you just heard, and respond with some facts.

Let's talk first about the notion, and I believe I heard this in the Comptroller's remarks, about Corizon being a failed contractor, failing in its contract work here. The situation that confronted Corizon and the department, because of Wexford, the incumbent, prior incumbent, Wexford's contract performance, which was terrible by any objective measure. I'm sure the Board will recall that Wexford got the contract extended for a year plus some months so it could pursue what turned out to be frivolous protests, as the Board of Contract Appeals found. During that extra period, Wexford received about $200 million in additional money. But despite that extra money, it left, Wexford left a huge backlog of unmet inmate healthcare needs, left the facilities substantially short on staff, equipment, and supplies, put the State in jeopardy with the Duvall federal class action litigation, the State now having to extend the settlement agreement, which would have ended this month, for another two years. The point of all that being is that when Corizon began its contract performance, the situation that Corizon had bid on was entirely different because of Wexford's terrible contract performance.

So as the Secretary pointed out, Corizon has been working with the department to resolve those issues. But the contract was already under financial pressure at the time that COVID-19 hit. And I'm not sure about Mr. Bereano's math about how many times people went to ask for more money. But Corizon in the second quarter of 2019 brought this to the department's attention, brought the

situation to the department's attention. We'd been working with the department resolving a number of these issues, and then COVID-19 hit. So the point simply is it's more than ironic that Wexford is here objecting to this contract modification to respond to the pandemic when in fact Wexford's contract performance put both the State and Corizon in a very difficult financial position, and position of healthcare providing, and then COVID-19 hits.

With respect to the question of liquidated damages, in a pandemic Maryland law and the main contract wouldn't allow liquidated damages to be assessed anyway. The contract, if anyone is reading it at the moment, at Section 3.84.2 provides that no liquidated damages are assessed for any kind of contract non-performance if that non-performance results from circumstances that are beyond the contractor's control. And COMAR defines --

SECRETARY GONTRUM: Mr. Andrews --

MR. ANDREWS: COMAR defines a couple of circumstances where beyond the control is met, and that is an epidemic and a quarantine, which fits squarely here. Beyond that, liquidated damages are waived all the time in Maryland contracts. It's interesting that Wexford didn't complain when liquidated damages were waived for Wexford --

SECRETARY GONTRUM: -- Mr. Andrews. We appreciate your comments. Thank you so much, sir.

MR. ANDREWS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any comments before we go to -- Secretary Green, any additional comments?

MR. GREEN: Yes. Thank you for the opportunity, Lieutenant Governor. And you know, again, at the point in time as a department, we inherited a 50 percent vacancy rate among our medical staff. We've reduced that vacancy rate significantly. Any notion that my actions were anything but directly related to COVOD-19, the absolute astounding and shocking impact that this virus could have upon a congregate setting such as ours, I absolutely reject that. This was all about the moral obligation, the ability in a proactive rather than reactive sense to maintain the healthcare of a significant correctional system. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. And I know from some of the early meetings that we had with regard to the pandemic and the Governor's Declaration of the Emergency, there was a particular concern about the prison system, the Baltimore City jail facility, and how to, you know, protect the inmates, but more so those who work in the jail. Because, as you said, we shut down the visitation and tried to have alternative ways for the inmates to talk to their families and those and others. But the concern was always that the infection would come from the outside, the virus would come in from the outside. And so we had to be sure, and I know that through what used to be called State Use, I don't remember what it's called now,

but the prison industries, was producing the PPEs, the masks in particular that were to be distributed to all the inmates as well as the employees. So I know there was a lot of effort made to address this issue.

I have a question before we take up the motion, and that is with regard to the Comptroller's motion. And you know, aside from the concern about potential spikes causing an increase in costs, is there any other concerns you have with the approach of being reimbursed for those direct COVID costs?

MR. GREEN: As we go through the process of being responsive, if I may, Lieutenant Governor, as this thing continues and this virus continues to move, I think it may be beneficial for the Board, if I may invite the individual actually responsible for clinical healthcare, Dr. Baucom, to talk about how we have been able to be nimble and move through this crisis all through our system. And if I may, could we allow --

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Yes.

MR. GREEN: -- a few moments to Dr. Baucom? And I think that would give some perspective to your question, Lieutenant Governor.

DR. BAUCOM: Good morning. Thank you --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

DR. BAUCOM: So we all know that COVID-19 is a public health catastrophe, especially as we watch the death tolls in congregate populations, like nursing homes. Correctional facilities are congregate populations and are

therefore subject to public health emergencies. When we go through and look at what this virus has done devastationally in other correctional health systems, especially Ohio where they had double digit inmates on vents, they had 76 deaths, the proactive and expeditious manner in which the containment and mitigation issues that we're equipped with by the Secretary and our team, I believe helped to mute what would have been an otherwise devastating picture.

As it relates to hospital costs, when we looked at COVID hospitalizations starting in March, where we saw diagnostic categories like trauma, GI, and oncology decrease, we saw an increase by 73 percent from March to April of COVID related respiratory illnesses. Our cases that averaged a length of stay of four days escalated to an average length of stay to ten to 14, increase by 56.25 percent from March to April, which was COVID related. The inpatient days of those large cases increased by 68 percent from March to April.

We are doing universal testing and point prevalence testing of 19,000 inmates at an average cost of $56 per test. So the math on just COVID prevalence testing each time that we do this, and it should be cycled again, this initial one is going to be over $1 million.

We're going to be asked as we transport to court 1,000 to 1,500 inmates a month, we're going to be asked to do two-step testing, negative tests. So that again, the containment issues related to this virus are recognized by a court.

One of the things that we are going to have to see is during the fall when we have flu outbreaks, which we've done in our congregate populations, to be married to COVID is going to be extremely difficult. When you go to the emergency room previously, they would test you for influenza and if you had influenza A they stopped the tests. Now they are going to be testing for influenza A and COVID. And we hope to do that on site with rapid testing, which is a 45-minute test. And that equipment is going to cost somewhere between $300,000 to $400,000. But it allows us to try to contain this virus when we have to transfer people from one facility intake to another.

In addition, we have comorbid high risk 62 and over populations that are going to be partially part of the population in the COVID surge tests, and we are already modifying isolation respiratory spaces to try as we go through the testing that the Secretary addressed and then finding a large number of asymptomatic positives.

So I do believe that most of the proactive mitigation, the masks, the face shields, making sure that inmates have those protections as well, may have slowed the opportunities for this virus to show itself. But it's going to catch up. And we're going to see that in October and September. And we're going to see the inpatient stay days increase as this respiratory illness for both influenza and COVID shows that it is not just a marriage of these two viruses. It's all of the (indiscernible), the emergency trips where our custody staff have to suit up in full

PPE to transport them to the emergency rooms. When we do not have the severity enough to hospitalize that inmate, they are going to have to come back to our infirmaries and they are going to have to have not only just infectious disease specialists but the epidemiologists help us proactively, preemptively see where this virus is going to go in our facilities. And we're going to work with the partnership of Corizon to put, again, the same mitigation efforts that we've put on officers and inmates on healthcare staff. And as we look at going forward, I believe that if the numbers working with Maryland Department of Health, they will be dampened, but they are going to be there.

MR. GREEN: Thank you, Dr. Baucom. And just to conclude my response there, Lieutenant Governor, that I believe the contract is to protect the interests of the State and provide the constitutional care that we are required to, but it's also nimble and prudent. And to that end, we will respect the wishes of the Board. But I believe what we have in place is working with a contractor that is (indiscernible).

TREASURER KOPP: Governor, I have a couple of questions --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: -- just clarification. So you are telling us, Mr. Secretary and Dr. Baucom, that you believe that in fact the cost over the next six months of COVID-19 in the prisons will be more than 30 percent of the contract?

DR. BAUCOM: Thank you for that question, Madam Treasurer. I noted that our large cases increased by 56 percent.

TREASURER KOPP: Yes.

DR. BAUCOM: Large cases defined as a ten-day stay to 14 days.

TREASURER KOPP: Yes.

DR. BAUCOM: So that's an average of $300,000 per case. That's what I'm basing it on. That's an average of $300,000 for those --

TREASURER KOPP: No, I understand it. So in your estimation in fact your contract proposal will result in less tax expenditures than reimbursing all of the valid COVID-19 bills that the company sends to you? Right?

MR. GREEN: Madam Treasurer, all due respect, I have no crystal ball. I'm going to do everything I can to mitigate that from happening, as we've done from the very, very beginning. But what we see --

TREASURER KOPP: I don't doubt that.

MR. GREEN: -- from the epidemiologists, the potential is absolutely present for that, Madam Treasurer.

TREASURER KOPP: Potential is always present. That's what potential is. But I'm asking what your judgment is in terms of the expenditure of funds.

MR. GREEN: My judgment is that that very well could come true based on all the facts that Dr. Baucom has noted.

TREASURER KOPP: And does Corizon send you monthly a break down that can be audited of the costs of COVID treatment, COVID related expenditures?

MR. GREEN: DSA McCully is on the line as to how that bill is structured. Mr. McCully?

MR. MCCULLY: Yes. I hope everyone can hear me okay.

SECRETARY GONTRUM: Yes --

MR. MCCULLY: Based on the contract structure right now, this is just the, a fixed 30 percent that was applied based on what we entered into for the emergency modification. But again, as the Secretary was saying and Dr. Baucom has said, this is really to be flexible throughout this term. So I think based on some of our early modeling, we expected that some of the costs were going to be less in March and April, as cases kind of ramped up, which we were seeing on a national level. So we expected that maybe they weren't going to be at the $3.2 million, you know, per month in the early months, but then later on as cases increased, it might exceed $3.2 million. So it was the net of everything that we were doing, that we were, you know, trying to ensure sustainability here. But right now, again, no, we are not, I mean, we've got the categorical break down that we've shared with the staff. Corizon (indiscernible) some money for hazard pay. Over time, you know, the PPE expenses -- and then we also have the offsite medical care. And that is ultimately subjective to, you know, hospital bills

coming in. So just because it was $2.5 million, that may not be the final close out for that month's actual cost.

TREASURER KOPP: So was that answer, yes, we do have the COVID, break down for COVID related expenses?

MR. MCCULLY: We have based on what Corizon has provided, the categorical spending for overtime, hazard pay, that was, you know, put together and shared with staff. But no, based on the contract modification they are not required to send us every single month a detailed invoice of all those costs. That was not how this was structured. Again, it was based on, the base contract was established with a fixed rate and then we added a 30 percent to that to cover all these other operational needs, and then to be flexible, like with the announcement of universal testing. Because we wouldn't have known that necessarily when we did this back on, or it was in late March and when we signed it in April. But this will be folded into obviously that 30 percent. So as Dr. Baucom said, just doing that universal testing once is over $1.1 million.

TREASURER KOPP: Okay. So the testing, that was, the tests are incorporated in this 30 percent?

MR. MCCULLY: Yes, it is.

TREASURER KOPP: Yeah. Okay. You say, I think maybe it's the Assistant Secretary I should be asking, you say that the department will be seeking federal reimbursement under the Coronavirus Emergency Supplemental

Funding Program, which provides for reimbursement for medical equipment and addressing the inmate medical needs. If you don't have a break down, auditable break down, how do you anticipate getting federal funding? I think the federal law requires that.

MR. MCCULLY: Thank you, Madam Treasurer. The break down that we're providing is the modification that we entered into. That should be enough detail, that the State entered into the modification to pay this additional 30 percent on a monthly basis and --

TREASURER KOPP: Even though it's not for COVID?

MR. MCCULLY: No, this is for COVID. Because the modification that we signed specifically talks to COVID.

TREASURER KOPP: Yes. But it's, I thought you just said you were paying for more than COVID? Isn't that what you just said?

MR. MCCULLY: No. If I did, I'm sorry. But no. The 30 percent is directly related to COVID. But again, to be, to provide the operational flexibility, like I said when we started this, to provide, you know, the extra hazard pay, temporary staffing, the PPE, testing, and all the inpatient hospitalization as it relates to COVID. That's what the 30 percent is purchasing.

TREASURER KOPP: But you don't have auditable -- I'm trying to put together all the sentences. I'm sorry. How do you, how do you put that all

together? Do you have auditable invoices that relate to simply COVID related expenditures?

MR. MCCULLY: I mean --

TREASURER KOPP: I think --

MR. MCCULLY: -- the vendor certainly would have invoices as they are coming in. You know, and that's how they helped put together the April costs, certainly.

TREASURER KOPP: I mean, what are you going to show the feds?

MR. MCCULLY: I'm showing the feds -- oh, sorry, Mr. Secretary.

MR. GREEN: If I may, what we'll provide, and these costs will go before DBM and have gone before them as a complete modification for their review. And at this point, we are of the understanding that it does meet. And if we need to provide additional auditable record of our 30 percent and how we came about that, we will seek to do so. But as a 30 percent modification, this went before DBM and was placed within a category that was reimbursable.

DR. BAUCOM: Mr. Secretary, if I may? At least for the utilization management, the ER trips, ambulance, inpatient stay days, outpatient related to the treatments and the support of COVID, we do track that, Madam Treasurer.

TREASURER KOPP: And what proportion of the 30 percent do you suppose that is? A hundred?

MR. GREEN: That would depend on the acuity of the day, the week, the month, based on illness of a single individual. We've had single cases that have exceeded $300,000 and those that haven't. So that will be dependent on the statistics and census from that month, Madam Treasurer.

COMPTROLLER FRANCHOT: Can I interject, Governor? Because this is going on for a long time and we're on the first --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: -- agency.

TREASURER KOPP: I'm sorry. Yes.

COMPTROLLER FRANCHOT: I would love to just state for the record, I am less concerned about the amount of money being spent on prisoners' health, because that's very important. I'm more concerned about protecting the taxpayers and having accountability. I think that's what the Treasurer was somewhat referring to. My proposal is to remand this contract to the agency, tell them to end it by June 30th, the end of this month. Starting in July, they should proceed to an agreement where the State reimburses Corizon on a monthly basis for audited receipts for additional COVID related medical service expenditures that are being performed outside of the contract scope of work. And that's a, that's a pretty simple proposal. It could mean they are spending more money. It

could mean they are spending less money. But at least there are receipts and there's accountability. And then secondly, I would ask that the motion require the department not to remove liquidated damages for service rendered during the term of the modification. That should not be removed by contract. That is an important method for the State to govern potential abuse, etcetera. But I really, you know, we're talking about is it too little, or too much. It's not that. It's the accountability. And I think that's what the Treasurer was referring to --

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: -- and I know the Lieutenant Governor obviously always --

LIEUTENANT GOVERNOR RUTHERFORD: -- modify your original motion just a little bit and change the word from audited to auditable.

COMPTROLLER FRANCHOT: Yes, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Because I think you then delay any payments, you know --

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: I thought of that as I, I thought of that as I was free-wheeling there and I agree completely with what you just said.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, I can agree with the first motion. The second motion, though, I'm concerned because I think we had testimony that under COMAR in emergencies, you can't, at least the

interpretation is, you can't impose liquidated damages during that emergency. I thought that's what I heard stated by one of the witnesses. So I have a little concern about that portion of your motion.

COMPTROLLER FRANCHOT: Maybe that could be addressed by leaving that out, since COMAR apparently says what you just said. But we would not run into the territory of what about the rest of the $680 million contract.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Well, and it relates I believe to the modification. That's, I mean, we don't have counsel here to, that was what was said. I know one witness said, no, it applies to everything, and the other said, or the Secretary said it applied to the modification. And then the other witness, I forgot the gentleman's name now, but had stated that we could not impose liquidated damages in response, toward a vendor who was responding to an emergency.

COMPTROLLER FRANCHOT: Correct. So let's just assume, I think, Boyd, it sounds, I would be happy with withdrawing that as long as there's not this language, this boiler plate language which is in the situation, the emergency procurement, which is somewhat confusing as to whether it applies only to the emergency or the rest of the contract. Fine to just not mention that, I guess, would be the best way to describe it, since it's already covered by COMAR, etcetera. But anyway, I think we're all on the same wavelength here. I'm not arguing with you and I'm not particularly disagreeing with the Secretary.

I just don't think that the State should put itself in a position where we are obligating the State for COVID expenses and the COVID expenses are possibly being used for non-COVID purposes. We don't know because --

LIEUTENANT GOVERNOR RUTHERFORD: -- let me add one more thing, as we're free-wheeling a little bit. Is there a comfort level with putting a not to exceed with the, you know, expenses?

COMPTROLLER FRANCHOT: Well, I don't think that's necessary. My understanding is if there's a big resurgence, it could be a lot more than $3.2 million. I'm not opposed to spending money on prisoners' COVID expenses. I just want them done in a way where the normal process would be for the company to say we have X amount of expenses, here are the receipts, please reimburse us.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, I'm willing to second that amended first motion, changing it to auditable but not audited --

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: -- receipts.

TREASURER KOPP: Let me say, having beaten this to death and back, and finally come to this point, I can vote. To me, that makes a lot of sense and will make it easier for us to get reimbursed by the federal government for legitimate COVID related costs. And we will see by September what has

happened. I have a concern, Mr. Secretary, to be candid with the picture you describe. If we stick to the 30 percent, this company is going to have to eat everything over 30 percent and I gather it's having problems elsewhere. We don't, we don't want to be in that position to end up without healthcare. I don't want to get between two, a disappointed bidder and a winner. So I would support that --

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: -- if it happens. But could we just use a second, while we're here, before you get my vote, Mr. Secretary, I'm very, very concerned about allegations I've heard of the treatment of inmate patients in the prisons. I don't know whether they are valid or not. I would like to pursue them with you. And I would like to have us work on some sort of way -- I have no doubt about you and where you stand and the people with you on this call. But you are not in every prison, everyday seeing what happens with the patients. There has got to be, and I know you have it, a number of people going through checking, etcetera. But I think it has to be clear to everybody what is expected in terms of the treatment of both employees and inmate patients, and inmates. This is a problem across the country, as you know, and always has been. But Maryland should be the leader and a model in terms of leadership in the prisons and in treatment, and not allow a power relationship to end up as treatment of

people. So I would like to pursue that and I think it should be of interest to everybody on the Board. Thank you.

MR. GREEN: Thank you, Madam Treasurer.

TREASURER KOPP: I would vote, I will vote for the, for your proposal.

COMPTROLLER FRANCHOT: I would move approval of the entire Secretary's Agenda, unless there is argument, along with the amendment that, you know, John Gontrum, I'm sure you can figure that out, what the specific --

SECRETARY GONTRUM: Well, I would appreciate clarity for the record about exactly what action. As the Board knows, the Board can direct the procurement agency to take any action the Board deems appropriate concerning the emergency modification. The motion on the table is to rework the emergency modification that was entered into and change it from a fixed cost model to an auditable reimbursement model, that's correct?

COMPTROLLER FRANCHOT: Yes.

SECRETARY GONTRUM: And if the agency is unable to do so, to come to an agreement with the vendor to report back to the Board.

COMPTROLLER FRANCHOT: Yes. I think that there should be some transparency as far as the receipts and the amounts that are being reimbursed. But at a minimum, the current emergency procurement should be

stopped as far as June 30th. We owe that, because we have already experienced it. Starting July 1st, it should go to a pay as you go model, reimbursement model. And we'll leave out the liquidated damages issue because that's confusing.

LIEUTENANT GOVERNOR RUTHERFORD: John, is that clear?

SECRETARY GONTRUM: I suppose. So it's the action that happens July 1, if the renegotiations are unsuccessful, that the Board is instructing the procurement agency to take is to terminate the inmate health contract?

LIEUTENANT GOVERNOR RUTHERFORD: No.

COMPTROLLER FRANCHOT: No, no, no, no. We're asking you to end, yeah, the emergency modification that we are faced with approving now through the end of the year as of July 1st. That doesn't --

SECRETARY GONTRUM: -- no longer increase 30 percent --

COMPTROLLER FRANCHOT: -- emergency then becomes a receipt reimbursable, you know, auditable documented expense that the Secretary can make a decision on. But most of all, the taxpayers can feel confident are in fact COVID related --

SECRETARY GONTRUM: -- I'm happy to record that. Mr. Secretary, obviously you have the Office of the Attorney General available at your disposal if you want to weigh in on it. But I understand. I understand the instructions.

MR. GREEN: Thank you and --

COMPTROLLER FRANCHOT: Thanks to my colleagues. I don't think this is a big deal because I'm not concerned about necessarily the exact amount of dollars. I am concerned that, obviously the overall amount, but I'm more interested in just the fiscal tightness of paying for what we're saying we're paying for.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So we, I think we already agreed -- we have a motion on the table on the entire Agenda. We already have voted on A14. So the rest of the Agenda, do we have a second on that?

COMPTROLLER FRANCHOT: Second.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. So we're all in favor. Mr. Secretary, thank you.

SECRETARY GONTRUM: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: I thank everyone for their indulgence. The Department of Natural Resources?

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

just take a moment of personal privilege to thank you for visiting Calvert Cliffs State Park on Friday. And that meant a great deal to our staff and in particular our Friends Group. We have a number of volunteers across the State that assist us in our State Parks, and they are not often recognized and certainly not recognized enough. So thank you very much for visiting and for making it a very special day for them.

LIEUTENANT GOVERNOR RUTHERFORD: No, it was a great visit. It's always enjoyable, you know, talking to not just the rangers, but the Friends of the Park, who are very knowledgeable about the, you know, the creatures and the flora and all that goes on. And seeing those beaver dams, those pesky beavers, but it is part of the natural world so it was very enjoyable.

And just as you mention that, we're scheduled to do another couple of park visits in another week, I guess it is, maybe it's a week and a half, going down to, I've been to Assateague already so I can't count that twice. But because we're doing a turtle release.

MS. HADDAWAY-RICCIO: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So I'm going there, and then over to the Perdue headquarters where they have that solar array, but they have a pollinator project aligned with the solar array.

TREASURER KOPP: Pollinator?

LIEUTENANT GOVERNOR RUTHERFORD: Pollinators, yes, butterflies, bees, and all those that are very important, and there's been a challenge with some of our pollinators. And so they are encouraging and doing kind of a pollinator farm with their solar array. So that's very exciting. And then we're going to visit a couple of other parks on the way back, Wye Oak and the Martinak State Park. So I'm looking forward to a nice day on the Shore.

MS. HADDAWAY-RICCIO: Yes.

COMPTROLLER FRANCHOT: So what day did the Lieutenant Governor visit Calvert Cliffs Park?

MS. HADDAWAY-RICCIO: On Friday.

COMPTROLLER FRANCHOT: Yeah, so I have my next door neighbors are a Norwegian family that are here on an academic exchange thing with their lovely kids. And they were very excited going to visit the, I think it was this Calvert Cliffs Park because they were going to look for fossils and things, or something like that. Okay, so they came back that night. They were all happy, etcetera, etcetera. And they looked terrific. I said, how was it? They said, we couldn't get in because it was all filled up but we had a wonderful day anyway doing something, etcetera, etcetera. So I hope it wasn't because of the Lieutenant Governor's visit that --

LIEUTENANT GOVERNOR RUTHERFORD: No. It was not. There weren't a lot of people there when we first got there. But when we left, the parking lot was packed. It was --

COMPTROLLER FRANCHOT: Yes, that's what they reported.

LIEUTENANT GOVERNOR RUTHERFORD: -- in the morning --

COMPTROLLER FRANCHOT: -- too much --

LIEUTENANT GOVERNOR RUTHERFORD: -- yeah, and there was a lot of room. There were a lot of people down at the beach looking for sharks teeth. But on the trail, it was not too crowded. But by the time we were leaving the parking lot was just jam packed and they were starting to limit I think the amount of people coming in. But that's been a challenge with the parks, because with the stay at home orders and the schools closed and things of that nature, the families, you know, of our State and individuals are utilizing our State Parks. More so than what I was trying to do with just my park tours and bucket list. So we're pleased that people are getting out and enjoying our wonderful State Parks.

COMPTROLLER FRANCHOT: -- Madam Secretary.

TREASURER KOPP: Governor?

LIEUTENANT GOVERNOR RUTHERFORD: Yes?

TREASURER KOPP: Did you find fossils?

LIEUTENANT GOVERNOR RUTHERFORD: I didn't, but the Park Ranger did give me a shark's tooth that he found the week before. So I have, and based on the way he described it, because it has some fossilized, it is old, it goes back a long way. When the sea level was much higher and would have covered that whole area of Calvert County, and he said on to the D.C. suburbs, it would have covered that much area. Any questions --

COMPTROLLER FRANCHOT: The Norwegian family is very happy with Maryland. They love Maryland.

TREASURER KOPP: Great.

COMPTROLLER FRANCHOT: But it just, I was just poking at the Lieutenant Governor a little bit.

LIEUTENANT GOVERNOR RUTHERFORD: -- you know, Friday may have been a big day. I was surprised myself when I came out and how many cars were in the parking lot. Because there weren't that many when we first got there. You would say the same thing, right, Madam Secretary?

MS. HADDAWAY-RICCIO: Yes, sir. We have seen a tremendous increase in the use of our parks, particularly this summer. In fact, we have reached over 80 closures for capacity so far this year. This time last year, we were at 26. So it is a good problem to have, but it is a problem nonetheless. And what it tells us is that there is great demand for green space and outdoor recreation in the State of Maryland. So that all ties back to these very important

Program Open Space projects and land conservation projects that we bring to the Board every couple of weeks. And it comes back to your support of those projects to allow us to continue providing more opportunities for Marylanders and Maryland's visitors to experience our natural resources in the State.

LIEUTENANT GOVERNOR RUTHERFORD: I will take some credit. I will say because of my park tours, particularly during the winter months before there was a pandemic, they saw these park tours that we were doing and they said, you know, I didn't realize we had all of these wonderful parks. Let's go out. And so when the weather broke, and they were stuck in the house with these screaming kids, they said, let's go to the park. You can yell as loud as you want outdoors, just not indoors. So I'll take that credit. Okay. Any questions on the Department of Natural Resources Agenda?

COMPTROLLER FRANCHOT: Move approval, if not.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you. Thank you, Madam Secretary, and I'll see you in about a week.

MS. HADDAWAY-RICCIO: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. University System of Maryland.

MR. EVANS: Good afternoon. Joe Evans, representing the University System of Maryland for the last time. Thomas Hickey, Director of

Procurement and Real Property Initiatives will be my replacement. Tom is at USM Systems Office. We have four items on the Agenda, and we are withdrawing Item 4-S. We're here to answer any questions.

TREASURER KOPP: I don't have a question. But Joe, if you could congratulate Towson on its project 3-C.

MR. EVANS: The Union project, yes, ma'am.

TREASURER KOPP: Yes, targeting LEED Gold status and energy savings.

MR. EVANS: Yes, ma'am.

TREASURER KOPP: Towson needs to be a leader and a model for every, for the campuses around the State. Thanks. We'll miss you.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. EVANS: I'll be tuning in.

LIEUTENANT GOVERNOR RUTHERFORD: He's laughing.

(Laughter.)

TREASURER KOPP: And laughing.

LIEUTENANT GOVERNOR RUTHERFORD: Tell Mr. Hickey to get ready. Right. Any other questions on the University Agenda?

COMPTROLLER FRANCHOT: Move approval, if not.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you. Joe, thank you.

MR. EVANS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And be well.

MR. EVANS: Same to all of you. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Department of Transportation?

MR. SLATER: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Greg Slater, Secretary of the Maryland Department of Transportation. The Maryland Department of Transportation is presenting 15 items for your consideration today. We are withdrawing Item 7-C, and our representatives as well as myself are here to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I have a question on 6-M. Hopefully it will be pretty quick, Maryland Aviation.

MR. SLATER: Actually we have Executive Director Ricky Smith on the line as well.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I see it's a single bid and I know it was bid a couple of times to try to get more competition. I did see where the incumbent decided not to bid on one of the rebids. And I'm understanding that that was because the performance bond was higher than what

the incumbent's experience had been and they didn't want to tie up their money, or that much money, in a performance bond moving forward. Was there any consideration or looking at why we needed to have such a high performance bond when the experience was that they were not, they didn't, they wouldn't be as liable for that large amount of money going forward.

MR. SMITH: Yes -- I'm sorry.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have Ricky Smith there?

MR. SLATER: Yes, we do.

MR. SMITH: For the record, I'm Ricky Smith, Executive Director of the Maryland Aviation Administration. Yes, Lieutenant Governor, as you know, we put this out twice. And the first time we did not get sufficient response and so we did reach out and talk to all of the firms that we thought might provide this service. And the feedback that we got from them, there were no concerns raised about the performance bond. And so based on just the history of the contract and the history of other contracts somewhat related to this, we thought the 50 percent performance bond was sufficient.

LIEUTENANT GOVERNOR RUTHERFORD: So they didn't raise, the incumbent didn't raise the performance bond until after you were bidding the second time?

MR. SMITH: Correct. That is correct.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Okay. I just, you know, I'm just trying to make sure we have the competition. That was really my, what I was actually getting to.

MR. SLATER: Lieutenant Governor, I might add, too, is one of the most important things I'm finding, especially when we're dealing with small businesses, is that we don't have a one-sized fits all to this performance bond situation. And we're really thinking through that and the individual markets and the procurements. Because I have found that those, if you don't put enough thought into those, you really push some of those small businesses out --

LIEUTENANT GOVERNOR RUTHERFORD: Right. Right. Yeah, it's going to go back to the Comptroller's first opening points in this meeting with regard to the impact on small businesses. And as I mentioned, just access to capital can be a challenge. And that goes for surety bonds, performance bonds, and the like. So thank you. And speaking of small businesses, 15-M, I just want to, you know, thank State Highway for utilizing the Small Business Reserve Program. Transportation does a very good job, you know, in a number of the modals trying to utilize the Small Business Reserve Program. And you know, we really encourage all of our small businesses, the MBEs and others, to register and use the program. Because it allows them to compete with like-size companies for opportunities that in years past may have only been done by the big companies, where they essentially trained their people on those projects. Whereas

you can get very quality, qualified individuals working on many of these. And I think the last Board meeting, and I think it was Transportation, it may have been the University System, there was an A/E contract that was put in the Small Business Reserve. And we know that many of the large A/E firms particularly will use those small contracts just to train their people. You know, so you get these young engineers working on your contract or smaller model. But when you put it in the Reserve program, you're getting experienced engineers working on it because this is their lifeblood to do this type of work. And it allows them to then get bigger projects and grow and really, you know, hire more people and just keep our State economy going. So I want to thank you for that.

MR. SLATER: -- great, thank you.

COMPTROLLER FRANCHOT: Lieutenant Governor, I just on Item 18, I have a couple of questions about the robots at the Airport. But I did want to start by congratulating the Lieutenant Governor and the Governor on the appointment of William Doyle and Tim Smith to lead the Port Administration and the State Highway Administration, respectfully. I often say the phrase, you know, among other wonderful things, everything that matters is very important. And I don't mean to trivialize the word matters. But government matters and getting talented, competent professional people to lead critically important agencies, well, I look forward to working with them in the future of the State. And I compliment the Secretary for recruiting these folks.

I do have a question if Ricky Smith is still on the phone about the robots at the Airport. My understanding is that we purchased these robots for customer services like kiosks, I guess, going around the Airport. But there was an audit that found some irregularities and potential violations of procurement process. And I'm just wondering what the Maryland Aviation Administration is doing as far as making sure these six customer service robots, I guess it's like R2D2, they go around the Airport or something. But whatever it is, I'm all for it. But they cost $588,000 and according to my records. So the question is why didn't they follow the normal procurement process?

MR. SMITH: Okay. Again, this is Ricky Smith, for the record, Executive Director of the Maryland Aviation Administration. Comptroller, thanks a lot for the question. So, you know, parking is one of our most critical customer service initiatives. And we find ourselves in steep competition with off Airport parking services. We also find ourselves competing with other airports to try and make sure that we're offering the best customer service. And so Maryland has a, MAA has a tradition of being innovative with respect to its parking programs. We were the first in the country to introduce red light/green light systems, for example. One of the first to introduce the pay on foot machines. And so in an effort to try and enhance our competitive position and our service to our customers, we explored the opportunity to introduce robots as a customer service feature. And these robots, in essence they provide the ability to answer

questions. They are programmed to answer hundreds of questions related to parking, ground transportation, way finding. They also allow customers to pay their parking ticket before they get to the check-out stations. And so to try to get to that point, we worked with our parking management firm, SP Plus, to purchase the robots as a part of their contract.

There's language in the existing contract that we interpreted to allow us to do this through the contract. We also took that step with our valet parking program, which we brought to the Board as a part of supplement number two a couple of years ago. And so once our, the legislative auditors came in, they were working with our own internal auditors, it was determined that our interpretation of the language was not correct.

Now I will present an aside, back in 1992, when MAA purchased the pay on foot machines, they followed the same process and there was a legislative audit at that time, because they had the same basic interpretation of the contract. We were not aware of the 1992 finding at that time. And so it was just a part of our effort to bring innovation to the Airport. And we thought the contract language provided us the authority to do that.

COMPTROLLER FRANCHOT: Okay. What about the maintenance of the robots that apparently are not in operation? Or maybe they are. You can update us on that. But is the vendor paying those maintenance fees?

Or absorbing those costs? Because I am under the impression that the robots are not operational because of technological and network requirements.

MR. SMITH: So the robots are going through a testing and programming period. We put them out in the terminal a few times to test them and then we go back and we reprogram them based the results of the testing. We do have possession of the robots. The maintenance that occurs with the robots is being paid by the vendor, not MAA. They see it as a reasonable business cost for them to modify the robots to meet our need.

COMPTROLLER FRANCHOT: When are they going to be operational, Mr. Smith, if I could ask?

MR. SMITH: So we were looking at two to three months from now. But over the last month and a half, we made a decision to also program them to assist us with our COVID-19 response. So they are being programmed in four languages to also provide information related to social distancing and other CDC recommendations. And so we're going to spend probably an additional month with that programming. And so we expect to have them in place no later than the end of the year.

COMPTROLLER FRANCHOT: Thank you very much for letting me ask those questions.

MR. SMITH: You're welcome. Thank you for the questions.

LIEUTENANT GOVERNOR RUTHERFORD: I don't know. I kind of smile every time I hear the word robots being used.

MR. SMITH: Airports all over the country and the world are beginning to introduce robots for --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. SMITH: -- so I'm excited to have them on.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We are there. So --

COMPTROLLER FRANCHOT: In Montgomery County, we are delivering groceries using robots. And not my neighborhood, but I was driving through another neighborhood, I think it was over near Treasurer Kopp's home. And I saw one of these little R2D2 robots going along the sidewalk heading for a delivery. And I literally stopped my car and followed it for a while, just because, I mean, it was just obviously cutting edge. And you know, it was performing very well, I have to admit.

MR. SMITH: In the two or three times that we've allowed them to be out in the terminal, the excitement that the passengers show with the robots is just incredible. I mean, the robot is able to dance so there are kids that walk up to the robot and they will talk to the robot, and the robot will do a little dance with them. It also has an entertainment element to it to kind of ease the anxiety that the

passengers tend to experience when they are in an airport. So the passengers seem to be receiving it well.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Okay. Any other questions on Transportation's Agenda?

COMPTROLLER FRANCHOT: No. Move approval.

TREASURER KOPP: Second.

MR. SLATER: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you, Mr. Secretary. Thank you very much. Department of General Services?

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary of the Maryland Department of General Services. Today we are presenting 43 items for your consideration, including three supplementals. We are withdrawing Items 1, 5, 26 Subitem 4.1 and 4.2, and 25. Revisions have also been submitted for 26 and 27, and we are available to answer any of your questions at this time.

LIEUTENANT GOVERNOR RUTHERFORD: I was going to mention 26-IT 4.2 and possibly 4.1 because it was certified small businesses, or at least one certified small business. But it's been withdrawn so I'll leave it.

COMPTROLLER FRANCHOT: I have a question on --

LIEUTENANT GOVERNOR RUTHERFORD: -- while I have the Secretary on, I did get an update from Secretary Grumbles with regard to the

Volkswagen settlement and what we're trying to do in terms of various areas, school buses, dray trucks, vehicle fleet, State agencies. As far as the State agencies, they are completing a review process and submitting proposals to the trustee of the (indiscernible) for potential purposes of vehicles for State agencies, as well as for local agencies or local governments. And I just mention school buses, the trustee did approve the utilization of some of the money for purchases of school buses, and I believe electric school buses. And then with regard to infrastructure, vehicle infrastructure charging stations, MDE is working with Maryland Energy Administration to finalize a framework for a program to start accepting proposals in July for additional infrastructure.

TREASURER KOPP: That's great. That's next month.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Yes. So, we're moving along.

MR. CHURCHILL: Good.

LIEUTENANT GOVERNOR RUTHERFORD: And so I hope DGS gets in on that Ford truck obviously around here in Annapolis.

MR. CHURCHILL: WE certainly are very interested, as we mentioned last time, and I will be following up with Secretary Brinkley --

LIEUTENANT GOVERNOR RUTHERFORD: All right.

MR. CHURCHILL: -- in the next couple of days.

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any questions.

TREASURER KOPP: He expressed earlier this morning an interest in working with you on that and working together with you to reach out to other departments and agencies and get Maryland moving electrically. He didn't say that.

LIEUTENANT GOVERNOR RUTHERFORD: Electrified. I know the City of Bowie have electric motorcycles in their police and it's, you know, something that they can easily take into the parks. But they have electric powered motorcycles that they use.

COMPTROLLER FRANCHOT: Wow.

TREASURER KOPP: Very good.

COMPTROLLER FRANCHOT: If I could, Lieutenant Governor, I've got a question for the Department of Commerce. I'll just reference Item 3-S. It's not anything that I have a problem with, but I wanted to take the opportunity if the Secretary is here to check in about the COVID-19 grants and loans being administered by the State. This is I believe the $175 million from the Rainy Day Fund that the Department of Commerce and the administration have identified for grants and loans. And I know Secretary Schulz, and I have a lot of confidence in her and her team, are working very hard to process what are called the small business relief grants and loan applications. But I've had the opportunity to speak

with a lot of applicants who have grown frustrated at the speed in which the applications are being processed.

We obviously, along with the Treasurer, have a role in this. But I, you know, we're committed to expeditiously granting these, writing the checks for the grants and loans. I don't think there are any backlogs on our end as far as the Comptroller's Office and the Treasurer's Office. But particularly what is concerning me is that I've heard a lot of small businesses were approved after they had initially applied, and they received the preliminary notifications of approval, only to be informed later on that their approved status had been rescinded due to inadequate funding. In other words, the $175 million was subscribed for very quickly.

This is problematic because if small businesses frankly applied and thought that they, when they received an approval from the State, that they would receive some financial assistance. And they were making decisions about retaining workers, purchasing equipment, even staying open based upon the expectation of receiving these funds. So I'm wondering, I guess, what is the situation? Is the State intending to go back and revisit the small businesses that were initially approved but did not receive any money? I think we should be doing that just to honor our commitment. But my question, I guess, first off, Madam Secretary, is the Commerce Department or the administration exploring the possibility of increasing the funds appropriated for small business relief loans

and grants? I initially suggested $500 million. The $175 million was terrific, but it obviously was inadequate to the demand. So thank you for being here and I'm sorry, I don't mean to suggest that there's something failing because of lack of attention. I know it isn't. But what is the situation with the $175 million? And shouldn't we be asking for more to take care of the other small businesses?

MS. SCHULZ: Sure. So, Mr. Comptroller, thank you very much. I'm assuming everybody can hear me okay. I think I unmuted myself.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MS. SCHULZ: And I appreciate the opportunity to come forward and let you know about what is happening. So between the two programs, between the Relief Grant Program and the Relief Loan Program, there was $125 million. There was $50 million that went into the grant program, and those were up to $10,000. And then there was $75 million that went into the loan program, which was an application for up to $50,000.

So when we started the program, we looked at prioritizing the grant program first because the federal government was coming forward with loan programs. And we wanted to be able to make sure that everybody had the opportunity to utilize the grants. So just an update on the grants program right now, we have identified 5,092 businesses in the State, totaling just under $50 million. And of that, those 5,000-plus applications that have been officially approved and they have been sent notification, that their grant agreements are in

the mail, that is roughly right at 4,000 as of last evening, totaling about $40 million. Of those checks that have gone to you, Mr. Comptroller, those requests is roughly 3,300. So we are keeping up with the grant agreements as they are coming through and pushing them out as quickly to your office and your office has been very, very helpful in order to be able to work with that.

Because we prioritized the grants first, the loans are now, now that we're reaching the end of our grants phase, the loans are what is next. So every single loan applicant that has fit into that criteria of the first in, first out, they have been notified that they have been approved. And those that have not been eligible based on whatever standard that is, or that they were outside of that timeline window when we knew that we could approve roughly about 1,500 loans, that's a little trickier because it's up to $50,000 and not every applicant requested the full $50,000. So we have procured an emergency DocuSign contract in order to, starting today, push out in very large quantities, at least 400 a day, the remaining applications or the loan agreements to go out to those applicants. And so we're really excited about the new technology that we've been able to utilize internally and to be able to kind of shift in flight as we have needed to do over the course of the last three months and we're building our entire new IT systems in order to be able to accommodate the sheer volume that the department had not had the ability to do in the past.

So I wanted to give you that update first just so that you knew where those, the process was for that. We left the application process open for two weeks, understanding that within those first two days we probably would have gone through the allotment of the funds. We did that for a reason. We wanted to be able to make sure that those applications were in our system so that if we were to receive funding from any source, and obviously we had three rounds of CARES Act funding, and there's a possibility for more, that we could have our system and our process expedited and perfected so that if there was additional funds we could immediately bring back those applications, had they already gone through, utilizing the resources that we have with our sister agencies and those employees that were working remotely with us, about 152 of them, so that we could get a jump start in that process. So the process would be perfected by that period of time. That is the assumption that we're working under at this point in time, and we'll continue to move forward with at least doing those initial vetting processes.

The other reason why we left the applications open was so that we could help to assist our local jurisdictions with any funding that they may have received through the State or from the federal government in those larger jurisdictions. So almost two weeks ago we sent out to our local economic development offices around the State a listing of those applications from those constituents within their jurisdiction so that they could reach out to them. And

whether they put together something that was directly related to what our eligibility standards were, they at least knew who those businesses were who were in line on that first come, first served basis in order to be able to receive funding for that.

But one other thing that I wanted to mention, and obviously going through the numbers like I just had, Maryland through the $125 million relief funding that we put together for these two programs, we assisted around 6,500, it will probably be between 6,500 and 7,000 businesses in the State. We know that the CARES Act funding was also helpful in assisting. So as a point of reference, the PPP Program, which was almost $10 billion that was spent in the State of Maryland, covered 75,459, let's just say, businesses that received that PPP loan. The EIDL loans, which came out first, was around 21,500 businesses. That's about $1.5 billion of investment in those. And then the Advance, as you know, which was that, that free money Advance, which was a grant for the EIDL program, was 51,260 businesses in the State of Maryland. So if we do all of that math, there's roughly 150,000 business transactions to assist businesses in the State. Now granted, they are not all small businesses. We identified in our program that it was going to be businesses that were 50 employees or less. But there has been funding that has come to the State for businesses all together throughout. And our system remains open. And we have been able to, like I said, you know, make progress and make efficiencies in flight. It's been a learning

process. I think right now I'm an IT expert and a lawyer and a project manager that I never knew that I was going to be any of those things. But, and I think my entire team feels the same exact way. But we remain open to additional funds should they become available.

COMPTROLLER FRANCHOT: Thank you for that, those figures. And once again, I'm not questioning your team or you, yourself. I think that these are extraordinary times. But I know you've seen these reports, the one I mentioned when we opened up this meeting, you may not have been on listening. But you know, there's a major report out, I'm happy to share it with all my colleagues on the Board and would love to get your perspective on it, which indicates that because of the health restrictions that got put on the economy, they are estimating, and this is a Brookings Institution type think tank which is very, very reputable, that 21 percent of business owners close their doors, already have closed their doors. These are small business owners. And of that group, 21 percent, 41 percent of that 21 percent, or 41 percent of African American business owners were in effect being, closing up their businesses. So I'm wondering if when you look at this information as far as the businesses that exist in Maryland and the impact that the economic consequences of the pandemic, I guess. What can we do immediately? I continue to advocate for taking, let's say, $300 million from the Rainy Day Fund and using that in under your experience, working with local chambers and others, to try to save the small businesses that we can so that

once we're reopened, we're not in a situation that is as catastrophic as this one report is indicating it could be. And I offer that, it's obviously somewhat speculative, but today I'm with the Towson Chamber, I somewhat glibly said, I hope the Commerce Secretary could take her very big ledger, the big one up on the thing, up in the cabinet with the dust all over it, where we write big checks, and somehow figure out how to go on the Main Streets of Maryland municipalities and write some more checks for grants. I know you are talking about the $50 million. But let's just pick another figure, $300 million, that would keep these small businesses open. And I'm talking about the ones that don't have a lot of accountants, don't have a lot of lawyers, don't necessarily have a lot of employees, but are very, very important to the economic sustainability of our Main Streets. And I said it somewhat kiddingly, because I, you know, I know everybody is under a lot of stress. But I hope that, well, I'd like to know just what your feeling is about what we can do to staunch some of the bleeding that is going on out here on Main Street.

MS. SCHULZ: Sure. And, you know, those are all very valid points. I was on at the beginning of the meeting to listen to some of those figures. And we have our economists and our research team internally at the department as well. And so we're really in tune to what's happening out there on the street. And I think throughout this entire process, I think everybody has become very knowledgeable about the meaning of small business. Not just to our general

community, but the meaning of small businesses even to the large businesses, and what they can do in order to help support the supply chain. And so of course at the Department of Commerce we want to be able to continue to support them in any way, shape, or form.

I know that we have the internal abilities in order to do that now. I know that there's a need for it and we remain open to further discussions about the funding portion of that. But I also know that I have sat in on several conversations with Governor Hogan and with both the National Governors Association and with the White House and the powers that be in the federal government, as well as the federal delegation, in talking about further CARES Act funding and what that looks like and being able to have that flexibility of that small business spending come to the State. Because every state is a little bit different. Every week I'm on a call with my state economic development officials from across the nation and we're saying the same thing. It would be great in order for us to have that flexibility to be able to utilize it for those types of businesses that we think that are critical needs here in the State of Maryland as opposed to having our constituents have to go and retrieve that type of a stimulus from the federal government. And that has been a push for the last couple of months and I think that that's what I would propose, that with any additional funding have that flexibility for states to be able to utilize it and to make plans that make sense for what we see in our community.

COMPTROLLER FRANCHOT: No, that's excellent. I'll forward this report so your experts can look at it. I'm told that it's right up there with the gold standard and it is not something that's an outlier. And if the figures are even half right, we have a huge problem obviously facing us. And so thank you for paying attention to it and letting me get your sounding on whether there is a red alert out there right now for Maryland based Main Street retail. I understand all the federal money and you know, I think you and I both agree that the big companies have the capability, even though some of them may go bankrupt down the road, but at least they have the resources to figure out the federal and state programs. I hate to think of the disappearance of literally 20,000 or 30,000 small businesses in Maryland without us putting every last effort into keeping them open.

MS. SCHULZ: That's right. And Comptroller, I agree with you and there has to be every last effort. And so I guess, if it's okay, I'd like to end on a little tiny bit of a positive note for you. Because there was $5 million that the Governor put into our Manufacturing Relief Fund and that was in order to be able to assist the manufacturing community to quickly convert their operations to produce PPE, ventilator parts, anything that was on the critical needs list that was developed by DGS, my friend Secretary Churchill, and MEMA, and Department of Health put together. And so those were grants that were given to the manufacturing community of up to $100,000 so that they could quickly purchase

equipment or train additional employees so that we could provide these types of equipment and services to our healthcare crisis as well. And 52, I believe, manufacturing companies in the State of Maryland received those grants and we had some phenomenal success stories that are out there. So we talk a lot about the resilience of the Maryland business community, the way that Maryland is different from many other states, where we have those innovative ideas and ways for people to very quickly look at the entrepreneurial type of aspect. That's just part of our culture here in Maryland. And so we're very thankful for that $5 million that really went a long way in order to be able to allow those businesses to adapt in a way that they would not have been able to adapt in the past, but also working together with that community to create a database, a portal system, so that they could have a direct interaction with all of the new buyers of PPE. We have an entire business community that's going back to work and they want to be able to keep their businesses safe. They want to keep their employees and the general public safe. So they are out there searching for this type of equipment the same as the State and the counties and the local governments are doing. And so now we've made that connection so that they know who those manufacturers are, Maryland based manufacturers that can help to supplement them with that type of material. So for as many difficulties as there are in the business community, I always like to highlight some of the hope that's out there as well.

COMPTROLLER FRANCHOT: As my Dad used to say, God bless him, Peter, every problem presents an opportunity to do something better. So thank you for your comments. I'm accused by my wife of being too gloomy all the time, so thank you. I'm going to give her some good news about manufacturing. And if you could get back to us on the small business issue, I would be grateful.

MS. SCHULZ: Absolutely.

TREASURER KOPP: Kelly, could I just ask one question, going back to the individual level. When you have -- to the beginning of what you were saying. When you have businesses writing in, applying, and there aren't the resources right now but you are feeding it into the system so that they can contact locals or be in line, do you let them know what is happening and what the status is so they don't feel they just sent something in and that's it?

MS. SCHULZ: Yeah. I will say that there was a period of time of several weeks at the beginning that we did not, because it was such a big, large system and there were so many different ways that an application could hide out of sight for months. And so we wanted to be able to make sure. The issue that was brought up about some people being told that they were approved, it was a message that went out once they got through a very initial eligibility stage. So it was interpreted by the applicant that they were approved, that they were getting a check in the mail. When in reality, the way that our work flow was set up saying,

you are approved, you are eligible. We're still going in a first come, first served basis as far as the timeline. But they received that message.

So we realized that that was very confusing for the applicant. So we decided to get our list together of those businesses that we knew were eligible and that they had all of the correct information. We did find very early on that because a lot of these businesses were the very, very small businesses who were not accustomed to applying for grants and loans, that we had some revisions. We had to help them resolve some of the problems with their applications. Even though the applications were much easier than a typical Department of Commerce application, there were still some things that we needed to walk through with them. And so that was a very hands-on, one-on-one approach to those applicants to be able to make sure that they got the service that they needed to get the funding.

So with all of that, we got to the point where I guess it's been a little over three weeks, maybe a little bit more, that we sent something out to all of the grant applicants that knew that they were not going to get any funding. Everybody else that we knew was going to get funding received an email that we're working to get the agreements in the mail to them. And as soon as we get their agreements back, then we can of course send something over to the Comptroller's Office for a check request. But even something as simple, Madam Treasurer, as sending grants agreements out to the applicants, getting those grants

agreements back from the applicants has also proven to be challenging, for whatever reason. Maybe some people are not checking their emails very frequently, or they are not checking spam, or maybe there wasn't the need for those individuals. So it's a very interesting process to be able to see all of the different moving pieces that work to be able to come to fruition. Which is why when people ask us about timelines, it's been very difficult because we know that a large part of the timeline depends on the ability to communicate with that applicant in a way where we can get something back from them.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: Well, it's always a, it's an organic, growing process. But I know part of their frustration is having done something and not know where it is, yes or no. And I understand, at the beginning of any program that's going to be the situation.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. And as she said, you know, this was something that was, the department didn't already have organic systems and --

TREASURER KOPP: Oh, absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- turn the switch on and all of a sudden do that, and then the idea that, you know, or the aspect of many of the businesses that are applying for grants and loans are not used to providing the type of information that we may need. As you all know, later when

some auditors come back and are grilling the Secretary for why did you provide this loan or this grant, because as we used to say in the federal government, the auditors come in and shoot the witnesses. So that's, you know, they don't always --

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- remember that you were in an emergency situation, particularly when they come back a year or two years later and start asking questions.

TREASURER KOPP: Absolutely. Absolutely. But --

COMPTROLLER FRANCHOT: So Madam Secretary, could I just make sure you're on top of this situation. So there are people out there that qualified for a $10,000 grant that have been, somehow have gotten the impression that they are somewhere in line to get that. Are they just being told the money has run out? Or are going to go and get the money for those that are eligible, were the money there? Are we going to take care of them? Or are we just going to tell them, sorry, no more money left.

MS. SCHULZ: So the messaging that we send out to the folks that have been told that the $50 million, say, for the grants has run out, we send them a message and say that unfortunately this pot of money has run out. However, we are keeping your application here should there be additional funding that comes through. But in addition to that, please don't forget to reach out to the Small

Business Administration. We do know that those applications are still open at this point in time for the PPP and there was just a reissuance of EIDL. And we make sure that they know that that is available for them. And we also make them know for those counties, we have a complete listing on our website, for those counties that are offering funds through their relief program. So we're connecting them to every single resource that we can in order for them to be able to get some level of funding, whether it's the State funding, the federal funding, or local funding.

COMPTROLLER FRANCHOT: And could you --

MS. SCHULZ: The important thing is for them to be helped.

COMPTROLLER FRANCHOT: Could you estimate roughly how many are in that particular universe of folks who were told, even if you were using boiler plate language that didn't, that they may have misinterpreted. But the word approved was there, but now they are being told the money has run out. How many are there in that category ball park?

MS. SCHULZ: I don't have a number for that, Comptroller, but I can certainly get that number to you. I can tell you of the 5,000, roughly 5,000 grants that we have, right now that are moving forward with funding, that's about a quarter of the number of total applications that we had for the two-week time period. There were roughly 20,000 applications that came in for the grants program alone, almost an additional 10,000 that came in for the loan program. So we have about 25 percent of the grants that are going to be funded at this point in

time. Of those, there were maybe a couple of thousand of the grants that were deemed to be ineligible for one reason or another.

COMPTROLLER FRANCHOT: Okay. So I'm sure you and I agree that to the extent the application was valid, and it was the words approved were somehow communicated, that we should do our upmost to try to make those people benefit from the grant program, I believe. The loan program sounds a little more problematic because of the dollar amounts. But the grant program is for $10,000 each, right?

MS. SCHULZ: Up to $10,000, yes, sir.

COMPTROLLER FRANCHOT: Up to $10,000. So I would, you know, appreciate any specifics you can give. And once again, I'm not trying to make the effort seem to be your responsibility. I know it's dollar limited. But to the extent those businesses are out there, I think it's important for the State to meet the need if at all possible using the Rainy Day Fund. So maybe we can work together on that. Maybe the Treasurer or the Lieutenant Governor or others have some ideas on it. But those are folks that we desperately need to make sure they survive, in my opinion, for the sustainability of Main Street.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I agree with --

TREASURER KOPP: Is --

LIEUTENANT GOVERNOR RUTHERFORD: -- but I think in the coming weeks, there are going to be some items brought by the Secretary of Budget and Management with regard to possible utilization of the Rainy Day Fund to keep the business of the State running. So there's going to be a lot of, you know, challenges as we, you know, move into our next fiscal year. And we want to make sure that we are not, you know, putting the burden on our State employees as we are looking at, you know, how we handle the resources that we have. So it's a very good point that you make. And you know, there's a need out there, we know. But there's only going to be so much money to go around. Madam Treasurer, I think you were about to say something.

TREASURER KOPP: I was going to touch on that. But also, are you planning, to yourselves or anyone else have any follow up to see what happens with these businesses after they got the State grant?

MS. SCHULZ: We don't have that ability to do that, to have that operation for 5,000 businesses. I can tell you that we are trying to do some. I know we've gotten many requests from legislators and others that want us to do some sort of data extraction of what some of these businesses are. It's just not in our purview at this point in time in order to be able to do that. But once we get to the point where we can get everything out the door, that's our priority at this point in time, and then we can pull some data in order to be able to move forward with that.

TREASURER KOPP: It will be interesting to see what difference it made.

MS. SCHULZ: Well, so we don't hear from all of the 4,000 people right now that have already received a check. We don't get those good news stories as often as I would like. But we get a fair number of them.

LIEUTENANT GOVERNOR RUTHERFORD: Take the money and run.

MS. SCHULZ: Yeah, we get a fair amount of them. And we're actually keeping a list of those that reach back to our team when, you know, they've helped them and, you know, receive notification that everything is okay. And there are some very, very heartfelt stories out there, I'll just say that. And there are some folks that are very, very appreciative. Now my view, when they applied on March 23rd or March 24th, their business looks a lot different today than it did on March 23rd or 24th. And so even being able to track where they, where it would have benefitted in March or April, it would look different than what it looks like today.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: Let me just say for the record, God bless the great State of Maryland. But the State budget is very important. I live in Montgomery County. They have a $5 billion budget. Their budget is very important. I live in Takoma Park. The city budget is very important. They are

not as important as these small businesses that are threatened. Their budgets are really, really important. And I hope whatever we do down the road takes into account our obvious responsibilities to these small businesses.

TREASURER KOPP: We are all one family and everyone is important. But --

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: -- the State doesn't take in money and keep it for itself. These are --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: -- safety net programs that make --

COMPTROLLER FRANCHOT: Excuse me?

TREASURER KOPP: -- a big difference in the communities. I would not say that, I wouldn't want to weigh which is more important. You can't have one without the other.

COMPTROLLER FRANCHOT: Yeah, well we definitely don't have a State budget if we don't have small businesses because there is no money, no tax revenue. But I appreciate that. I am not opposed to State government, county government, municipal government. I will be open to whatever suggestions are brought to protect and patch. I'm just saying for the record that these small businesses that are not going to reopen, that is a huge problem for us. And whatever we can do affordably we need to prioritize in a way --

LIEUTENANT GOVERNOR RUTHERFORD: Comptroller --

COMPTROLLER FRANCHOT: -- of everything.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller, I agree with the importance of the small businesses. I was only just pointing out that these are going to be discussions that we're all going to have to have with regard to priorities and choices that are going to have to be made. And very difficult choices that are going to have to be made with regard to the programs that we pay for currently, and you know, how we handle those things going forward. The, you know, the number of employees, we're trying our best not to be in a position where we have, where we're forced to lay people off in a time when it's very difficult to find jobs. So these are just all considerations. That's all I'm putting out there. And you're absolutely --

COMPTROLLER FRANCHOT: I've got it. I'm not suggesting anything. So thank you, guys, for letting me --

LIEUTENANT GOVERNOR RUTHERFORD: -- absolutely right, Mr. Comptroller. We have to have the businesses, the businesses who employ people and they all pay taxes that allow us to provide these public goods. So that's the only good I was trying to make out of it. Okay.

COMPTROLLER FRANCHOT: I'm right there. I didn't mean to start a little brush fire.

LIEUTENANT GOVERNOR RUTHERFORD: I don't think there's any -- we're starting that conversation that is going to be taking place --

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- in the coming weeks and months. And of course, when the Legislature gets back also there's going to be more conversations about that.

TREASURER KOPP: And we do need education, we do need public safety, we do need public health. We need a totally strong, integrated community.

LIEUTENANT GOVERNOR RUTHERFORD: Absolutely.

TREASURER KOPP: I was saying.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: Madam Secretary, thank you for your presentation.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Any other questions on the General Services Agenda?

MR. CHURCHILL: While we're on the subject of small business and minority business, I just wanted to provide for the Board that we have two items on the Agenda that are being awarded to SBR vendors, Items 28 and 29. At

the last Board, we submitted and it was approved a statewide master contract for HVAC boiler work and related services.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. CHURCHILL: That's right there. There was 11 vendors that were approved for contracts, of which five were small business and minority businesses. And the department is readying in terms of PPE a procurement which we referenced at the last Board that will be dedicated to SBR, it will be an SBR procurement for future PPE purchase. And a point of reference for Mr. Comptroller, the Maryland manufacturers that we have entered into many contracts, many are producing gowns. But in particular I know you were interested in face masks. We have face mask producers across the State.

COMPTROLLER FRANCHOT: Excellent.

TREASURER KOPP: And by the way, how are these contracts being paid for? Where is the money coming from for the contracts?

MR. CHURCHILL: The funds, they are coming from the federal funds CARES Act.

TREASURER KOPP: For 29? You mentioned 28 and 29.

MR. CHURCHILL: Oh no, I'm sorry. I didn't know, I thought you were referencing the contracts.

LIEUTENANT GOVERNOR RUTHERFORD: -- general fund --

TREASURER KOPP: Yes, general funds. Just thank you.

MR. CHURCHILL: General funds, yes.

TREASURER KOPP: Thank you.

MR. CHURCHILL: I'm sorry.

LIEUTENANT GOVERNOR RUTHERFORD: This is Towson District Court and --

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, both of them Towson District Court --

TREASURER KOPP: But the point is --

LIEUTENANT GOVERNOR RUTHERFORD: -- Reserve Program, though. These were, they happened to be small businesses that won the contract but weren't in the Reserve Program.

MR. CHURCHILL: They --

TREASURER KOPP: There you go. There are some tax, they are general funds. That's what general funds are, just --

LIEUTENANT GOVERNOR RUTHERFORD: Right. All right.

COMPTROLLER FRANCHOT: I move approval unless there are other items.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Second? Yeah, okay. We're all in favor. Thank you, Mr. Secretary.

MR. CHURCHILL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Madam Treasurer, Mr. Comptroller.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Another fun Board of Public Works done virtually.

TREASURER KOPP: Have a good two weeks.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Thanks. Same to you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. You all do the same. Thank you.

(Whereupon, at 1:00 p.m., the meeting was concluded.)