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PRESENT

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. Good morning, everyone, and thanks for being here. We were just waxing nostalgic before getting started. But it's great to be back for the Board of Public Works and the virtual meeting.

I just, for those who are going to be testifying today, I just want to let you know that we are going to have a bond sale today. So at some point, possibly around 11:00, we may be interrupted for an update on the status of the sale. The bond sale advances and, you know, we're all proud of the fact that Maryland has been able to receive the AAA bond rating from all of the three bond rating agencies. And it is a strong testament to the work of this Board and my colleagues, what they have been doing. It was pointed out by the bond agencies, about the fiscal stewardship of this Board, as well as the, you know, working for and on behalf of the taxpayers, and as well as the State's maintenance of significant reserves. These were all noted by the bond agencies in keeping us in the AAA status.

As the State continues to, you know, come together with regard to addressing our coronavirus pandemic, we have been rolling out the vaccines, as was mentioned before. We are now up to, at least as far as first time doses, 768,000, over 768,000 individuals have received at least their first dose of the vaccine. I believe we are now up to about 12 percent of the population, the State population,

which is really in a sense an undercount because we are only vaccinating those 18 and above -- well, really 65 and above and the first responders. But in terms of the population right now, it's 18 and above. So we would be at a higher percentage of that grouping.

The Governor announced yesterday that we will be opening another mass vaccination site at M&T Bank Stadium in Baltimore. And more than 10,000 appointments have been made for that site and it's expected and about by next week they will be administering 2,000 doses per day at that location. And he also announced the fourth mass vaccination site for Charles County at the Blue Crab Stadium. I've never been there. I've driven by there, in Charles County. And we're looking forward to that opening up.

We're hearing a lot of positive news with regard to production of the vaccines. Moderna and Pfizer have announced recently that they are going to be increasing capacity. I believe they said they are going to be doubling their production. We are expecting the Johnson and Johnson vaccine to come out very soon, which is a single dose vaccine that can be kept in regular refrigerators for a period of time. So I feel very soon we will be able to provide vaccines to all those who seek it. And we're going to need to and continue to encourage individuals to get the vaccine when it is available.

You know, I think we, and I don't want to diminish this, but I think we're going to run into a situation where we are going to be encouraging people to get the vaccine. I, you know, am now going to sound like a cranky old man. But I am a little concerned that some of the younger people who have, stereotypically have not been taking the virus as seriously as some of us have, might start to see where our numbers are looking positive in terms of less people are becoming infected, less people are going into hospitals or less fatalities, that may not feel that it's that important that they get the vaccine. But it will be that important for them to get the vaccines as well because viruses mutate. And so long as the virus is around and transmitting, there is a chance that it can mutate to something that is more resistant to the vaccines that we have and the vaccines that are coming out. So, you know, we have to continue to be diligent. And just because some of us have received the vaccine, that doesn't mean that we can just go hog wild and, you know, take our masks off, and we still have to be very careful because it is still a lot of unknowns with regard to whether even after a vaccine whether you can transmit it and not know that you have the virus because you are not getting sick, you are asymptomatic. So that's one of the things that we have to point out to those who do get the vaccine, that you still have to be diligent. You know, give it some more time before we can go completely back to normal. And that means, you know, continue to wear masks, watch our hygiene, and our distance.

To accommodate this expected increase in vaccines, the Governor announced that a new statewide preregistration system will be launched in the next week or so to take reservations for the State run sites, the mass vaccination sites, and a way to get more shots into people's arms. And you know, we are encouraging people, you know, that want to get those shots, to do so, not only to protect themselves, but to protect others. And but that's it.

I just, in the last couple of weeks I have visited a couple of the community vaccine sites. And last week, I spoke to some of the healthcare providers from Med Star who are running a community vaccination site at Leisure World in Montgomery County. And they spoke about how rewarding it was to be able to vaccinate these individuals who were excited about getting the vaccine and very thankful for receiving the vaccines. And it really was a big morale boost for them, because they have been dealing with for the last ten months or so, they are on the front lines of seeing all the pain and all the anguish and all the challenges that were brought by the pandemic. And in this case, they are on the positive side of that equation. And you know, they really stressed how, you know, how good they feel when they are giving the vaccines. Because everyone is excited. Everyone is saying thank you and very pleased. So you know, it's a mental health boost for them. And sometimes we forget about those on the front line and what they are facing and what they are challenging and, you know, and it's just generally

the pandemic's impact on all of our mental health and well-being, and particularly for our vulnerable seniors, as well as our children.

And mentioning children, I do want to echo, take the time to echo the importance of students returning to school, not only for the socialization aspects, which helps their mental health, but I am very concerned about the learning loss that a number of these kids are experiencing. We had challenges before with some kids falling behind. But it's even more challenging now. There are, you know, a number of school systems have pointed out, you know, that their students are just suffering, you know, for lack of a better word with a lot of the virtual learning, and particularly when you get to the special needs kids. And so, you know, I applaud those school systems that are taking steps to bring the students back into the classroom or making plans to bring them back into the classroom. And the science has, you know, has told us that it's safe to reopen the schools.

Right now our positivity rate is now below four percent, which is below the Centers for Disease Control and Prevention's standard, you know, in terms of low risk transmission within schools. And we know many of the teachers are eager to get back into the classroom and provide the education that is needed for these students. And that's why we wanted to make sure that we did it in a safe way and we've moved the educators to the front of the priority line to make sure that they can get the vaccines in a timely basis. But the Centers for Disease Control

have said that, you know, that they don't necessarily need to get the vaccines to get back in the classroom so long as it's done in a safe manner and the, you know, hygiene and the protections are put in place.

Through our Department of Education, you know, we have awarded some \$781 million in additional funds to assist the schools and students with reopening the classes, assessing, and addressing this learning loss issue, which I mentioned before, and providing targeted tutoring where that's going to help. You know, and through both they and the Health Department has also provided additional monies for testing, COVID tests in the public as well as the non-public schools for, you know, in person learning. And I know many of the counties are taking advantage of that. And the Governor has invested, you know, federal funding to retrofit a number of the schools to address the ventilation concerns that folks have. And yesterday the Governor clarified that students, you know, are required to wear masks in the classrooms as well.

So there is extensive guidance out there. And we think that it can be addressed. I think it's very important that these kids get back in school. Like I said, I'm really concerned about the learning loss and how we handle that. We know we've had situations where kids were pushed along even in the pre-pandemic world in terms of the next grade. And if we don't do that, and I know any parent and definitely any school kid who might be listening to that, if we don't get them

back in school they may have to be in school all summer. And I know the Comptroller doesn't like that because, I mean, it's just, you just can't take that child who has missed a lot of this year and is just not really at, let's say, fifth grade level work and then send them to the sixth grade next year. It's a disservice to them and it's going to be a disservice to our society.

And then as I mentioned before, just the socialization issue and the mental health issue of the kids. And particularly, you know, I'm aware of that and we hear about that with our Mental Health Commission that it's not, and we started that commission pre-pandemic because we do have another crisis out there and it's in the mental health community and how we address individuals who have mental health challenges. And it's going to continue after the virus subsides. And so, I mean, I can ramble on, particularly when we get to the mental health concerns that I have, not just for children but the challenges that we have had in this country for a long time in terms of how we address that. But I am going to stop and turn it over to my colleagues for their comments. Treasurer Kopp?

TREASURER KOPP: Governor, I just want to reiterate all that you have said. It is so important for people to be patient. In our area, people want to get the vaccination. I mean, there is no question about it and it is very frustrating to be on lists for weeks and weeks and not know what is happening next. So I think the standing up of all these new sites is tremendously important. A personal note,

my husband just got an email yesterday from Montgomery County, he's in that category that should be getting the vaccinations, that he will have an appointment. So that's, not only is it exciting for him and for me, but for all our children and all the friends who have been nagging and he has been saying, I'm on the list, I'm on the list, it will come up. He now can tell them all that in fact it did, or we assume it will, this afternoon.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. But make sure he doesn't forward that email to other people.

TREASURER KOPP: Right, right, right. Oh no. He's got a -- the Comptroller knows my husband. He follows every (indiscernible) of the procedure --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: -- that you can tell them. But the other thing I would add to your concern about the young people and others who don't think that they need to be vaccinated and are reading that more and more people are, so they think, okay, they will do it, that's fine, we're going to have this herd immunity. The fact is the vaccination rates are erratic all over the State. So you don't know that your community has actually reached that level and the virus is still out there. So I would say to these people, nobody, we all know, but nobody is invulnerable.

And we owe it to ourselves, our families, and our community to help build up this immunity to this virus that is still out there and will be out there.

And talking about long term issues, I can't let the day pass without saying that between the last meeting and this meeting, the United States of America under the direction of President Biden reentered the Paris Accords. We are now in, we have been in at the State level, in Maryland and many other states, but now the country as a whole is in the Accords and going to be working together one hopes to combat greenhouse gas and the terrible havoc that the greenhouse gas emission is forcing on our country. But the other thing is that in this past week your administration has issued its greenhouse reduction plan, the permanent plan, not the draft plan. We're only beginning to go over it now, and to understand what is in it and what it will call upon all of our communities to do. But I think it is a very significant step forward. It will need changes. It will need support. It will probably need strengthening. But it's there now, and that is so important. I congratulate you, Secretary Grumbles, and everybody who was involved in it.

LIEUTENANT GOVERNOR RUTHERFORD: Right. I saw and I didn't read the article, though, in one of the clips this morning. And there was a group calling for increased composting to address climate change. And I think they are looking at emissions from landfills. And, you know, my family will tell you that I've been composting for years. Fortunately, we have room in the back yard

to compost our yard waste, but also kitchen waste that, you know, I trudge down, down from the kitchen, to food waste --

TREASURER KOPP: Vegetable waste.

LIEUTENANT GOVERNOR RUTHERFORD: Not meat, though.

TREASURER KOPP: Yes. Well, that points out, though, that part of this plan is that every citizen in this State, every one of us, all of the communities, as well as agencies of government and the private sector, are all going to have to be doing our parts working together. And as someone else said, building back better. It was President Biden.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Absolutely. I'm not sure grammatically, well technically. All right. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor, and good morning, Madam Treasurer. And I just want to note for the record that on Monday our nation honored and remembered 500,000 Americans who have lost their lives due to COVID-19, and in particular 7,617 Marylanders, friends and neighbors of ours, who have died. And I want to thank the administration, frankly, for I believe the flags are at half-mast today in recognition of that.

Obviously, the citizens of our State and of the nation have suffered a tremendous amount of loss over the past year. And the resiliency that we're demonstrating is always positive, but as we continue on this path of resiliency,

obviously the glimmers of hope, whether they take the form of a vaccine or a small business loan or a stimulus payment or a rent forbearance. I'd like to echo a comment made the day before yesterday by President Joe Biden, and for all of us to ponder, and I quote, "Remember those we lost and those who are left behind." And this will take a minute to read because I thought this expression of support for people that are grieving their lost ones was just so authentic from Joe Biden. He said in his speech, "For those who have lost loved ones, this is what I know. They are never truly gone. They will always be part of your heart. I know this as well, and it seems unbelievable, but I promise you the day will come when the memory of the loved one you lost will bring a smile to your lip before a tear to your eye. It will come, I promise you. My prayer for you, though, is that this day will come sooner rather than later, and that's when you know you're going to be okay. You're going to be okay."

I find those words to be very comforting, regardless frankly of the party or office or whatever. And anyway, let me get off of that subject because --

TREASURER KOPP: Comptroller --

COMPTROLLER FRANCHOT: -- my own father and mother, I was at least able to hold their hands when they passed away and I was able to honor them with a funeral. And now it's like just totally weird. And my heart goes out to people.

LIEUTENANT GOVERNOR RUTHERFORD: But Mr. Comptroller, you know, just that comment is so true with regard to what the President said. And I received a very similar comment from Governor Schaefer when my dad passed. He said pretty much the same thing, that at some point you will be able to, your memory will bring a smile to your face. And that's, that is so true. And it takes time, and there will be times when it brings a tear, even years later. But there are times you, you know, someone says something or you find yourself saying what your parents said. You know, we become our parents. And then you remember, then it brings a smile, and you say, oh yeah, that's what my dad would say.

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: I've become --

COMPTROLLER FRANCHOT: My mother used to say gee willikers, so I'm trying not to say that. That's a little old-fashioned to me. But --

TREASURER KOPP: Yeah, could I, could I just jump on what you said, and urge people, you can go to YouTube or look, to watch and listen to President Biden's, the ceremony. It was a very brief ceremony, but it was very, very heartrending. And really brought home what we have suffered significantly. And yes, left with a note of hope --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- I really urge you to view it.

COMPTROLLER FRANCHOT: On another note, thank you, Madam Treasurer and Lieutenant Governor, I'm pleased to report that 98 percent of the stimulus payments to eligible Marylanders have been processed and are out of our office. More than 266,000 electronic payments and 148,000 mailed checks accounting for \$175 million in total RELIEF payments have been disbursed. None of this would have been possible without the diligent planning and herculean work of the 1,100 dedicated members of the Comptroller's agency. They all continue to work around the clock to ensure that struggling Marylanders and small businesses receive the relief they are entitled to and access to the resources to address their inquiries.

For example, over 450,000 visits have been made to the online RELIEF Act Stimulus Portal that we set up. I lay awake at night dreaming that it had frozen up and crashed. Fortunately, it hasn't. We had a combined 5,100 inquiries that have been received by social media and mail and answered. We have fielded over, this is just for the RELIEF plan, over 14,000 phone calls with an average wait time of 57 seconds before taxpayers are connected with a live, friendly professional member of my staff. But the work hasn't stopped then. We remain committed to getting those payments to the more than 6,000 eligible recipients of the remaining two percent who do not have a verified address with the U.S. Postal

Service or a bank account that's verified. As those Marylanders contact our office to verify their Maryland residency, we will process their payments with the same speed and efficiency as we did with the 98 percent of payments last week.

Furthermore, beginning next week and throughout the next several months in partnership with the State's Department of Labor, we will begin to process and disburse the \$1,000 unemployment grants to eligible Marylanders under the RELIEF Act.

All the while we have been conducting this and the normal day to day business of tax administration during our busiest time of the year. In the last week, we have processed 565,616 refund requests and checks during the normal tax season, which opened on February 12th. And I'm just very pleased that the staff is able to show that anybody who has lost their trust in State government or in government generally, I guess, can look to the Comptroller's Office for leadership, customer service, and the kind of results that Marylanders deserve.

And lastly, Lieutenant Governor, I appreciate that Governor Hogan, God bless him, is testifying before the United States Senate on all these topics about investing in transportation to address climate change and improve equity. I would just note for the record that this is the second consecutive BPW meeting that he has missed. And given all the challenges we're facing here at home, I just hope that it is not becoming a habit. Much as I appreciate my dear friend Boyd Rutherford, I

hope that the Governor will return to the Board whenever he thinks it's appropriate.

Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: I think our cabinet secretaries would probably appreciate the Governor coming back because I ask a lot more questions than he does. I am a lot more, when it comes to the Board of Public Works, a lot more detailed and willing to hold our own officials accountable and I have questions today on a number of the matters that were decided at the department level but I think need to have further scrutiny. So with that, John, the Secretary's Agenda?

SECRETARY GONTRUM: Good morning, Governor, Madam Treasurer, Mr. Comptroller. There are ten items on the Secretary's Agenda and 15 reports of emergency procurements. Emergency report Item A-13 is being withdrawn at the request of the department. Item 4 has been revised and Item 3 is the bond sale item you mentioned earlier, Governor. I am happy to assist with taking any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I want to bring up Secretary Holt with regard to Item 6.

MR. HOLT: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. HOLT: Madam Treasurer, Mr. Comptroller, and Lieutenant Governor, it's great to see you.

LIEUTENANT GOVERNOR RUTHERFORD: This item is the award under the Baltimore Regional Neighborhood Initiative, BRNI, which is a wonderful program. My concern is that when I go through the awards and in particular as it relates to Baltimore City, a number of the awards are going to what I would call the usual suspects. The same developers that are doing these projects seem to be getting these awards. And so I'm just concerned about what kind of education process and outreach we're doing for, you know, the newer developers, the smaller projects, the smaller nonprofits? Because a number of the projects, when you look further in, and it's not in the item but, you know, I know about some of these projects that, it's folks that have been around for a long time. They may have gotten the property from the City for, you know, pennies on the dollar. And then they turn around and they get hundreds of thousands or millions of dollars from the State to develop the property and they haven't put any or very little equity other than the property that they got for a pittance as their equity.

So I just, I'm not stopping or saying no we shouldn't do it, if the projects are good, and some of them I've been to. You know, the Hoen Building, Henderson Crossing, and at EBDI, I'm very familiar with that, the Pump House. I'm just pointing out even Mary Harvin, and we've talked about Mary Harvin, and

there's a lot of money that went in. That was a property that was rebuilt after the Rodney King riots -- I'm sorry, the Freddie Gray riots. I lived in Los Angeles during Rodney King. That the State rebuilt that property. And it's just I think that it gets to there are some folks who know the process and they know how to fill out the forms. They may even have some professional help and so they are able to get this, you know, the assistance. And there are others out there that, you know, kind of look and say why is it that this guy, you know, and this gal always get this assistance with their projects? And you know, we come in with a project and we are asking for a fraction of the amount and we don't get it.

So it's really more of an outreach, an education, because at some point these individuals have learned the process themselves. And so how can we make sure that there is, there are opportunities for others and not just the major players or the usual suspects, as I just said?

MR. HOLT: Thank you, Lieutenant Governor. I think you make very good points. I think a couple of things to understand. Firstly, BRNI requires that there be community development organizations that become approved through an application process. So we'll have sort of two tiers established here. The first tier is the base of applicants, let's say 20-plus organizations in the Baltimore area that are proven, well-established, experienced, and have the financial capacity to carry out very substantial redevelopment initiatives. Those organizations, however,

receive sub-applicant interest and put an application to us on behalf of these sub-applicants. So what happens is that the money that goes into let's say this limited group of BRNI approved community development organizations, they push that money down into the grassroots by supporting smaller developers that have come to them and sort of piggybacked on their application. The Pump House is a good example. Money that is going to that community development organization is actually being pushed down to small developers who are coming in and acquiring and then rehabbing one or two scattered units.

So if you would suggest to us that we ought to carve some money aside for direct applications from smaller sort of non-approved organizations, we can certainly do that. But it creates a fairly significant processing burden on not just our department, but the interagencies that are involved in approving all of these applications.

Now we have I think on the call today Carol Gilbert and Kevin Baynes, who are the architects of BRNI and they are complying with State statute, which has really described how BRNI has to be structured. And that requirement means that we have to establish the BRNI-approved organization process first. So if you'd like, I can have Carol and/or Kevin maybe explain a little bit further just -

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LIEUTENANT GOVERNOR RUTHERFORD: No. I mean, I don't need that. I don't need that. And you know, it's in a sense, and I wasn't asking for any cutout or, you know, set aside. That's almost like a strawman. What I'm saying is, and maybe it's at that BRNI-approved and we can talk about it later, you know, and maybe this isn't the place, that BRNI-approved group of 20 or more that, you know, like in the case of the Perkins Homes. That's not a small developer that's doing that. That's Michael Beatty and his group. I mean, he's a big-time developer. Bill Struever, and Anne Riggle, they are not, you know, small. They've been around for a long time and have been doing major work. And I understand they, you know, it's, you know, when I was a salesperson years ago, I used to, you know, I sold IT services. And it was, you know, we used, there was kind of a joke -- I didn't work for IBM. But it was easy for a person to say, you know, the IT person, they used to call them data processing managers, to say if the system blew up, to say, well I bought IBM. And people would say, okay, just get it fixed. But if you bought non-IBM, it was like why didn't you buy IBM? So it's always easy to go to the folks who have been doing it for a long time. And so maybe it gets back to this pre-authorization aspect of how we do this.

But I'm not going to belabor it. I just wanted to make a point that I am concerned that the same folks that know the system are getting, you know, hundreds of thousands of dollars in one project alone. It's about a million dollars,

or \$1.7 million in BRNI money. And there are other projects that just don't seem to have that ability to break through the process. So, you know, we can talk further in terms of what kind of outreach because these folks learn somewhere along the line how to do it. So there need to be others that have the ability to learn how to do it. And maybe it's not for government to do. Maybe it's other contractors or other, you know, consultants, and they have the wherewithal themselves to hire these consultants.

MR. HOLT: Well, I think you make a very good point. And I think our response should be to sort of improve the messaging and the communication out into the Baltimore community to inform people that if they want to be receiving BRNI money, they have to come forward and become a BRNI-approved applicant. And --

LIEUTENANT GOVERNOR RUTHERFORD: And that's probably the best way, you know, to --

MR. HOLT: Yeah, we can --

LIEUTENANT GOVERNOR RUTHERFORD: -- because I get the complaints. I'm getting the concerns and complaints. And like I said, I know these developers from, you know, my time at DGS and others, that they are not small-time players.

MR. HOLT: No, no --

LIEUTENANT GOVERNOR RUTHERFORD: And some of it is really working with the City, you know, in terms of what the City does, and how they, you know, get involved in projects. And so I'm not, I'm going to leave it there, Mr. Secretary. I just wanted to make sure I brought that up.

MR. HOLT: We'll go ahead and broaden the net.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. HOLT: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Well, thank you. I know you will. I know you will.

TREASURER KOPP: Governor, before we leave that item, could I just ask, you have been great, Mr. Secretary, about, in your departmental items, spelling out how you are combatting climate change and being energy efficient. Is that part of these projects as well?

MR. HOLT: Well, I think a lot of the renovation and construction projects, especially the large ones, will follow green standards and will try to renovate, whether they are rental assistance demonstrations, very large renovations of public housing that have gone into private hands, all those are designed to be compliant with green standards. If you get down to a small, like the Dundalk Renaissance Corporation, which might have two or three or four scattered sites, just rowhouses that they have acquired to rehab, that's probably not up to the green

standard. But we do require, you know, high quality construction. We monitor the construction. And we're quite confident that all of the weatherization and energy efficiency standards that we expect are implemented in the work.

TREASURER KOPP: But I just hope you do that with intentionality and make sure that the developers and the people who are working on each project understand the importance of making these buildings and these projects sustainable into the future.

MR. HOLT: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: I would think the Perkins Homes project, you know --

MR. HOLT: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- that's multifamily, I would think that they --

MR. HOLT: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- have the sustainability concerns in there --

MR. HOLT: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- and there are small things that can be done with just rowhouses, even if it's not, you know, an expensive program. Just the weatherization, but also, you know, some minor green

roof, not entire because you have to have the structure, but you know, some planters that reduce the amount of water that is going to flow down into the streets that can be captured with, you know, sedums and some other smaller plants that can be placed on the roof of a building. So --

TREASURER KOPP: Well, and take a look at --

LIEUTENANT GOVERNOR RUTHERFORD: -- sustaining.

TREASURER KOPP: -- take a look at the greenhouse gas plan that your administration, Mr. Secretary, is putting forth. Because it calls for a transition to electric buildings when you're talking about major renovation and new buildings in the very near future.

MR. HOLT: Absolutely. And we were a part of the information process that formed the recommendation to the Governor through the Maryland Department of the Environment and Ben Grumbles. He and I interacted on that. Our people provided recommendations. So we are incorporated in that, and we are required to, you know, follow the highest standards. No question.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. I do want to just, I'm just going to mention Item 8, and just from the standpoint that I like to mention the parks. And Swallow Falls is a park that I think all of you

should go to if you haven't been there. Thank you, Mr. Secretary. But, you know, Swallow Falls --

MR. HOLT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: -- is a wonderful park. It's a wonderful waterfall. And this time of year when the, when the waterfall freezes, and it's cold to get up there and you've got to trudge through the snow, it is really a sight to behold as well, to see the frozen waterfall. And just as a point of history, in 1921, Thomas Edison, Henry Ford, and Harvey Firestone actually camped out at Swallow Falls. I mean, in a tent, the three of these gentlemen. Could you imagine three titans of industry today literally sleeping in a tent? I guess it would be Zuckerberg from Facebook and Bezos from Amazon and somebody else, another titan of industry, sleeping in a tent. I think they would have it catered and it would be, you know, an RV or something, or you know, some special tent. But they literally camped out there in 1921. So I just wanted to point that out. Okay.

COMPTROLLER FRANCHOT: I have a question, Lieutenant Governor, on the item that was withdrawn. Since it was on the Agenda I took a look at it. And it just reminded me, this is, even though it has been withdrawn, if Secretary Ports -- what? It's A13 that has been withdrawn. But I'd like to take advantage of the fact that it was on the Agenda to ask the Secretary or Executive Director Ports from the Transit Association. I believe it's a \$43.3 million

emergency contract award to Wagman Heavy Civil to install the all electronic collection and automatic lane control system at the Bay Bridge, something that is obviously very, very helpful to the traffic congestion. And that's an issue I raised in Fall of 2019 and I think Executive Director Ports and Secretary Slater's predecessor responded with I guess this single bid or single allocation, whatever you call it, contract.

So A, I want to salute Executive Director Ports and commend you and your team too, in the way in which you have expedited in accordance obviously with Governor Hogan's directives. And you are addressing the concerns that are going to I think invest in the safety and well-being of the Bay Bridge's travelers and workers and it's going to really relieve the congestion there. I understand it is a three-year effort. I guess what I'd like to hear from the Maryland Transportation Authority is you are going to in the future make every effort to solicit and receive competitive procurements when you have something like a \$43 million contract and ultimately ensure, I hope, that the taxpayers are getting the best possible deal through competitive procurements, not the situation we're facing right now.

MR. SLATER: Yes, sir. Thank you. Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Greg Slater, Maryland Department of Transportation Secretary. We also have Executive Director Jim

Ports on here as well. Your point is well taken. I think that the nature of this particular effort, when we went to all electronic tolling it really created two particular issues that we needed to make sure were addressed quickly from a safety perspective. First is just being able to get that gate system in place so that, you know, our folks are not out there when high speed traffic is going through where those toll gantries used to be, putting out cones and those types of things. So, one, kind of creating a safer environment for them. But two, creating this gate system where we can transfer back and forth from one direction to the other gives us greater flexibility to manage the congestion in both directions on that Bridge just created a number of safety challenges for us and we wanted to make sure we addressed it very quickly.

Let me see if Executive Director Ports wants to add anything as well.

MR. PORTS: Yes, sir. Thank you, Mr. Secretary. Governor, Madam Treasurer, Mr. Comptroller, good morning. And for the record, my name is Jim Ports, Executive Director for the Maryland Transportation Authority. And Mr. Comptroller, I'll start off with gee willikers. And I hope that helps you remember your mother. But as you recall, as you mentioned and you recall, we had the redecking project, which was slated to last two seasons. And I was asked to accelerate that project. Working with Governor Hogan and yourself, as well as the Treasurer, who all gave us a directive back in 2019 to expedite these projects when

it comes to the Bay Bridge. Some of it is based on safety, like Secretary Greg Slater just said, including, by the way, all the traffic that goes into the communities and blocks up those roads for their safety and emergency management equipment. And we have gotten letters of support from both the BBRAG and Queen Anne's County, as well as information from Anne Arundel County, suggesting that we try to accelerate projects that include safety.

So as you know, we were able to accelerate that project through some emergency orders and we got that completed in one year. It was a successful project. And then shortly after that, Governor Hogan directed us to go to all electronic tolling. Part of that was COVID related and part of it was he wanted to increase the amount of flow of traffic on that Bridge. And so he asked us to get that done as quickly as possible, what our team thought was impossible, but it ended up being very possible. We thought we were going to get it completed in July. We accelerated some of those timelines on that procurement and we completed that one on April 1st. So we've got some successes.

Now that brings us to this contract. And as you may know, as I know you do know, we have a project going on, on the westbound Bridge currently. And that's a gate system. And that's to help, as Secretary Slater said, the fact that we don't have to put cones out there and take the time to do that, which increases the amount of traffic and backups, as well as the gate system will help protect our

employees. Because now with AET, they are going at highway speeds, as Secretary Slater said, and it does put our employees at greater risk. And so since we already had the westbound project going on, we thought it would be extremely important to have both Bridges work consistently with each other. And so this project was originally slated for completion around 2023. As you do know, we have some work on the eastbound Bridge that's going to be coming up. You are familiar with the redecking. Well, this is going to be replacing some of that concrete. And as you know, Governor Hogan, Lieutenant Governor Rutherford, both believe in continuity of government. And we felt that it was going to be very important also for the safety of this project when we do the redecking on the eastbound Bridge to have that traffic flow as easily and safely as possible. And quite frankly, it will help the next administration with that project as far as working it smoothly with the Bridge.

And what we also know, and Greg Slater knows this very well being from an administrator from SHA, is when you put cones and barrels out, people get very confused. And we have people hit them all the time. And when with the gate system, it increases the amount of safety. And safety is imperative on that Bridge. So for all those reasons, we did the emergency order. We do try to, as you mentioned, Mr. Comptroller, try to bid these out. We did have, as I mentioned, the other project on the westbound Bridge, so we had something to go by. And this

was fairly close to our estimate, our engineers' estimate, so we felt good about moving this project forward for all those reasons we mentioned.

COMPTROLLER FRANCHOT: Gee willikers, Mr. Executive Director. I was just patting you on the back and giving you some praise.

MR. PORTS: Thank you.

COMPTROLLER FRANCHOT: But I appreciate what you said. Just make sure in the future we are not giving any blank checks or, you know, sweetheart deals that end up, you know, unfortunately sometimes not necessarily with you, but with, you know what happens when you don't have open competition. So to the extent, A, kudos for the job you are doing. B, try to get competition down the road. And I know, Jim, that you and I served with Treasurer Kopp in the Legislature and nobody ever gave us credit for anything. But I'm giving you credit for this. Good job.

MR. PORTS: Well, thank you very much, Mr. Comptroller. I appreciate it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor.

I had another question on, unless --

LIEUTENANT GOVERNOR RUTHERFORD: Well, I know we have at least a witness on emergency two. But if you want to go with your other question --

COMPTROLLER FRANCHOT: Well, go ahead. No, go ahead, Lieutenant Governor. I'm happy to follow you.

SECRETARY GONTRUM: Emergency report A2 is a report from the Department of Public Safety and Correctional Services. I believe we have Secretary Green available to address the emergency report.

LIEUTENANT GOVERNOR RUTHERFORD: I guess we can take A2 and A3 together.

SECRETARY GONTRUM: Also a report from the Department of Public Safety and Correctional Services.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. GREEN: Very good. Good morning, Governor, Madam Treasurer, Mr. Comptroller. My name is Robert Green. I'm Secretary of the Department of Public Safety and Correctional Services. Just for the record, also joining me today to kind of assist us is our Procurement Director Anna Lansaw, Deputy Secretary of Administration Chris McCully, and the Assistant Attorney General for the department Stu (Stuart) Nathan.

This emergency is an emergency modification, number two, to the Department of Public Safety and Correctional Services contract providing statewide medical care and utilization services for approximately 20,000 inmates across our system. As a matter of history, at the June 17, 2020 Board of Public Works, Secretary's Agenda Item A14 was not accepted, subsequently remanded back to the department with the direction to terminate that emergency contract and provide a new modification. We bring before you today this modification (indiscernible).

LIEUTENANT GOVERNOR RUTHERFORD: (Indiscernible).

TREASURER KOPP: I don't think it's just him.

COMPTROLLER FRANCHOT: Yeah, I can hear you, Madam Treasurer. I couldn't hear the Lieutenant Governor.

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, can you hear me now?

COMPTROLLER FRANCHOT: Yes.

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. There was something with the Secretary's audio --

MR. GREEN: (Indiscernible). Can you hear me now, members of the Board?

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: Partially I could hear but --

COMPTROLLER FRANCHOT: Under water.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Now I don't hear you at all.

MR. GREEN: I will try on another device.

LIEUTENANT GOVERNOR RUTHERFORD: There we go. No -

-

COMPTROLLER FRANCHOT: You're there. Yeah.

MR. GREEN: Does it sound like I'm in and out for the Board?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, maybe there was some interference of some sort.

MR. GREEN: All right. Very good. My apologies. I don't want that to occur. This is a modification. If I need to repeat, it's a modification --

LIEUTENANT GOVERNOR RUTHERFORD: No, you don't need to repeat that. And you also had introduced the individuals who are with you. I just was going to say that we had a Mr. Bereano who wants to speak on behalf of a

different vendor and he has spoken before. You know, quite frankly it's a little, and I know we didn't object to these things before, but it's a little odd for someone to come in to speak for the predecessor who lost the contract in a competitive bid and, you know, like I say exhausted their remedies at the time and are still complaining and are coming in, you know, after the fact. But I will let Mr. Bereano state his case.

COMPTROLLER FRANCHOT: I have a few questions if, you want -- okay --

LIEUTENANT GOVERNOR RUTHERFORD: No, no. You can ask your question now --

COMPTROLLER FRANCHOT: -- whatever you want --

LIEUTENANT GOVERNOR RUTHERFORD: -- and then we'll have the witness speak.

COMPTROLLER FRANCHOT: -- always happy to hear from Mr. Bereano.

MR. BEREANO: Should I proceed, Governor?

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Yes. I think the Comptroller --

MR. BEREANO: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, my name is Bruce Bereano and I'm here on behalf

of Wexford Health. And I fully respect and appreciate your opening comments, Governor. But I'm here because I really want to make sure that the taxpayers' money is not being wasted and utilized inappropriately in this contract.

I've sent you all some significant information. I'm not going to repeat it all. You all know the history of this matter, this \$50 million underbid. I told you then, I tell you now, they can't do the contract for that. It's very relevant who the vendor is, owned by a company that only handles bottom feeder companies. And Corizon has been trying since they had the contract to get more money out of the State than what they bid it for. They tried four times and were told no, and they are using COVID now.

Everyone is concerned about COVID. I'm not denying that at all. But the truth of the matter is is that Corizon is getting far more money than they should be and it's taxpayers' money that is being wasted.

And I don't know why it took seven and a half months. To me, it's just astonishing. But I think the colloquy you all had was very clear and very correct. And that was pay the expenses for COVID related matters, submit auditable receipts, and you'll be paid. And they didn't do it for seven and a half months. Now they come in with a whole new proposal, which has a cap to it, which is X number of dollars a month. And I think they are really ignoring what the Board three to nothing told them to do. And it's very simple. It's what all other providers,

my client as well is doing in other jurisdictions. And the approach being presented here today is really a further waste of money. By their own accord, it is costing them about a million plus, \$1.2 million, a month in COVID expenses. I think that's very high but it's \$1.2 million. They already got \$11.2 million. And if you take that, really Corizon owes the State \$4 million that they got that they didn't use for COVID expenses during the time period before the contract was terminated. And that's money of the State's. It's money that could be used elsewhere. It's taxpayers' money that went to a company that doesn't deserve it because they bid it at a certain price.

In terms of now, my ask is that you don't need a \$2 million cap each year. You don't need a not to exceed cap. Just tell the department to do what seven and a half months they were told to by the Board, and that is submit your expenses, pay your COVID expenses, submit your bills, we'll have them audited. And if they are valid and legitimate, they will be paid whatever the amount is. There is no need for a cap. God forbid, it might get higher at one point in time. But the department is not doing that. And I just urge the Board, in conclusion, to stick to what you said seven and a half months ago. And it was very clear and it was very simple and didn't take seven and a half months to figure out. And that is, if there are COVID expenses that Corizon has, pay them. Because we have to take care of the inmates and the guards. No question about that. Then submit them. They are audited. I

know the Treasurer was very big on that and rightfully so. And if they are legitimate, they will be paid. It doesn't take seven and a half months to do that. And here you get a big bill now. And your (indiscernible) is going to be about \$2 million a month and we need \$24 million. It's just not the way to proceed. It's not a proper use and expenditure of taxpayers' money. And I would urge you to just tell the department to go back and do what they were asked to do seven and a half months ago. Thank you very much. I'll be happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you, Mr. Bereano.

MR. BEREANO: Thank you --

COMPTROLLER FRANCHOT: -- ask a question of Mr. Bereano?

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: Mr. Bereano, you mentioned your client who had this contract apparently before.

MR. BEREANO: Yes.

COMPTROLLER FRANCHOT: What did they do around the rest of the country? Or what is the procedure for most of your peer companies, like Wexford, concerning COVID-19 pandemic --

MR. BEREANO: Well Mr. Comptroller, thank you for the question. Ever since it started, they are in like states of Illinois, Indiana, West Virginia, Alabama, New Mexico, other states as well. And from the beginning, they obviously made extra expenditures for COVID-related matters. They submitted to those states their invoices. They were verified. They were found to be legitimate, and they were paid. And it was done immediately, simply, and without any bureaucracy or waiting seven and half months. And they have found with these states and others that have comparable sizes of populations of prisoners that their additional expenses have been about \$300,000 to \$500,000 more a month, a month. And they have made the expenses. They have been reimbursed. And it has been a very simple, easy matter. And I'm not saying don't pay anything. I'm just saying let's look at the taxpayers' money. Because all this money could go to other important things during this COVID economic crisis. Thank you.

SECRETARY GONTRUM: (Indiscernible).

LIEUTENANT GOVERNOR RUTHERFORD: -- ask you, Secretary Green, to explain the process that they have gone through. But let me just, one thing with regard to a not to exceed limit. Under COMAR you have to specify an amount of money that you expect to expend over a period of time for an emergency procurement. So it's, we're not able to just say there's, you know, an unlimited, it's going to be an emergency and we don't know what that number is

going to be until after we have received. So that's why they go with a not to exceed number. But I can turn it over to Secretary Green in terms of what steps have been taken in response to the Board of Public Works action a number of months ago.

MR. GREEN: Thank you, Governor Rutherford. In terms of what we present today, we believe we have followed the direction of the Board of Public Works to a T. And I would ask that our Assistant Attorney General, Mr. Stu Nathan, who was intimately involved in these negotiations, would please speak to that effort.

MR. NATHAN: Yes. Good morning, members of the Board. My name is Stuart Nathan, Principal Counsel for the Department of Public Safety and Correctional Services. And I would begin by saying that the modification does exactly what the Board instructed the department to do. And I'll quote, "The contractor shall submit auditable invoices for all allowable costs caused by, related to, or arising from the COVID-19 pandemic." Exactly what the Board instructed on June 17th.

And just to go back for a moment to remind everyone, at the June 17th meeting, Mr. Gontrum said, "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 answered, "Yes." That's exactly what the department has done. It's totally

consistent with the statute, regulation, and BPW advisory on emergency procurements. And I don't want to belabor the legal explanation, but State Finance and Procurement § 13.108 that covers emergency procurements specifically gives the head of a department and its procurement officer the authority to make an emergency procurement to mitigate or avoid serious damage to public health, safety, or welfare and says that after awarding the contract it shall submit to the BPW a written report giving justification. Which is exactly what has been done. COMAR 21.05.06.01 and .02 basically reiterate the same thing, that an emergency procurement shall be submitted, shall be prepared by the department and shall be submitted as an action Agenda item to the BPW within 45 days of contract modification. That's also been done. And the COMAR, and the BPW advisory 2009-2 says when an agency must modify an existing contract on an emergency basis, the modification may be treated as an emergency procurement and reported to the Board. And that's precisely what the department has done submitting this emergency modification. And to make sure that I wasn't missing anything as far as the legal analysis, I have consulted with the head of the Attorney General's contract litigation unit and the former deputy chief of that unit, who now works as counsel to the Treasurer, to make sure that we were on firm footing by submitting this emergency procurement. And they both have assured me that we are in fact on firm footing and this is an appropriate way to submit an emergency procurement.

And finally, just in the end with some insight just to talk a little bit about the work that has been done by our collaborators on treating the COVID pandemic, I'm familiar with the litigation that has been brought against the department as a result of COVID. And in cooperation with our partners, Department of Health, Department of General Services, and our contractors, most notably Corizon, we have received approximately 20 to 25 cases brought by inmates or inmate families concerning COVID conditions in our prisons. And so far, let me assure you we have been successful in every single one of these cases where a decision has been rendered that the care has been appropriate and the department has not been indifferent to these serious medical needs. So in summary, we believe that we have fulfilled all the requirements from the Board from the June 17th meeting, and it's appropriate for the emergency report we believe to be accepted by the Board at this time. Thank you.

SECRETARY GONTRUM: Members, I hate to --

COMPTROLLER FRANCHOT: -- a question --

SECRETARY GONTRUM: -- informed by the Treasurer's Office that the results of the bond sale are ready to be announced, if that's --

COMPTROLLER FRANCHOT: Yeah. Let me just get my question in and you can think about it while we are getting the results. Why did it take eight

months to get back to us? This seems to be a fairly simple item. Why did it take eight months? But let's -- Governor, I'll defer to you as far as the bond sale.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We'll go to the bond sale and they can respond after the bond sale.

MR. LUND: Thank you, Secretary Gontrum, members of the Board. So we did sell some bonds today. We got it done this morning. We sold --

TREASURER KOPP: Excuse me. Christian, could you introduce yourself, please?

MR. LUND: Certainly. Sorry. My name is Christian Lund. I'm the Director of Debt Management for the State Treasurer's Office. Thank you, Treasurer. So we sold \$425 million tax-exempt new money in two tranches and an additional \$50 million in taxable new money. We got a great result, even though rates did move away from us just a little bit over the last week and a half or so.

I just want to show you this slide really quickly to put some things in context. So this just shows municipal bond rates from 2018 through the present. The orange lines represent our past GO sales. So you know, without getting into the weeds you can just see in 2018 rates were a little higher. They declined through 2019, cratered in 2020. This period of volatility is obviously last spring during the pandemic. A lot of, at the outset of the pandemic when there was a lot of fear and uncertainty in the financial markets. And then once things settled down, we got left

in this incredibly low rate interest environment. And just to show you some even longer period context, you know, here are rates since the beginning of the millennium and just look at where we were in the 2000s and the 2010s and now look at where we are now. We always thought of the 2010s as being this really low interest rate environment and we are just far below where we were just a few years ago.

So that is sort of the environment that we're issuing these bonds in. We got a really great result. We're going to continue to get really low interest rates for at least a little while longer. We did, if you look at this you can see that we did lose a little bit just in the last week and a half. Treasury rates have been sort of steadily increasing since the beginning of the year. And unfortunately the muni market decided to catch up to treasuries all in the last couple of weeks here. So this result isn't as good as it would have been a couple of weeks ago. But still, as you just saw, really, really fantastic time to issue bonds and make capital investments in all the things that we know Maryland needs to do.

Okay. So unless there are any questions on that, I will just show you the results themselves and ask for your approval. Let's see. I'm trying to get them up there. I apologize. Hm.

TREASURER KOPP: Nice color.

MR. LUND: Yeah. Just a blank screen, huh? Okay. Here we go. Sorry about that. All right. So for the 2021 First Series A Bonds, I'll make this bigger, we had a lot of interest this morning. So we had six bidders. Bank of America was the low bidder, with a TIC of .922138 and we got a premium of about \$61 million on this bidding group. For bidding group two, we got four bidders. Bank of America was again the low bidder with a TIC of 2.026869 and we got a premium of about \$74 million on this tranche of bonds. And finally, for the taxable series we had eight bidders. Now this was a little bit of a smaller, you know, tranche of money so we had more interest in it. Some of the smaller players could get involved. And we did see Wells Fargo come in with a low bid on this with a TIC of .486804 and because it's taxable the condition is that there's no bond premium included on this one.

So with that --

TREASURER KOPP: Is that, what was the term of the taxables?

MR. LUND: The taxable was only just the first two years. So we always structure our bonds to pay down the taxable bonds first, because they are a little bit more expensive than our tax-exempt bonds. So these only go out through 2025 and that's the reason for that very low TIC compared to the other two tranches.

TREASURER KOPP: That's what I assumed. Yes.

MR. LUND: Yes.

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TREASURER KOPP: Well, that's very interesting.

MR. LUND: Yes. So again, a really great result for us and we're very pleased with how the sale turned out today.

TREASURER KOPP: Congratulations to everybody. That means we will be able to build our schools and State facilities at a very low interest rate, albeit not as low as it would have been a week ago.

LIEUTENANT GOVERNOR RUTHERFORD: That's right.

TREASURER KOPP: So Governor, I move that the Board adopt the resolutions before us, going back to the item in this Agenda, concerning the State and Local Facilities Loan of the 2021 First Series -- I'm reading a script, you can tell. In particular, I move that the Board ratify and approve the preliminary official statement dated February 17, 2021, the summary notice of sale for the 2021 First Series Bonds published in the *Bond Buyer* on February 12, 2021, and the resolutions adopted by the Board on February 10, 2021 with respect to the bonds. Is there a second?

COMPTROLLER FRANCHOT: Second.

TREASURER KOPP: And could I ask for a vote on that motion?

LIEUTENANT GOVERNOR RUTHERFORD: Yes. All in favor?

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Aye.

COMPTROLLER FRANCHOT: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: I think it's three-
oh. Thank you very much, Madam Treasurer --

TREASURER KOPP: Wait a minute, there's more to come. Thank
you. There's a great deal more to come.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.
Well, thank you.

TREASURER KOPP: The best is still coming. I move that Bank of
America Merrill Lynch be declared the successful bidder for Group 1 of the First
Series A Tax-Exempt Bonds in the aggregate principal amount of \$207,460,000,
subject to resizing as provided in the official notice of sale with a net premium of
\$60,918,293.59 and a true interest cost of .922138 percent; and I further move that
the First Group of the First Series A Bonds be issued in the amounts and maturities
and at the interest rates and prices set forth in the successful bid for the bonds. Is
there a second?

COMPTROLLER FRANCHOT: Second.

TREASURER KOPP: Could I ask for a vote on the --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, all in favor?

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: I think we have three-oh here.

TREASURER KOPP: All right. We have a couple more. I move that Bank of America Merrill Lynch be declared the successful bidder for Group 2 of the First Series A Tax-Exempt Bonds in the aggregate principal amount of \$217,540,000 subject to resizing as provided in the official notice of sale, with a net premium of \$73,850,580.05 and a true interest cost of 2.026869 percent; and I further move that the Second Group of the First Series A Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds, ask for a second and a vote on the Bidding Group 2 First Series A motions.

COMPTROLLER FRANCHOT: Second.

LIEUTENANT GOVERNOR RUTHERFORD: I think we're -- do we have all in favor. Okay.

TREASURER KOPP: Aye. One more.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Actually two more. I move that Wells Fargo Bank National Association be declared the successful bidder for the First Series B Taxable Bonds in the aggregate principal amount of \$50,000,000, these are the taxable bonds, subject to resizing as provided in the official notice of sale with a

true interest cost of .486804 percent. And I further move that the First Series B Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds, ask for a second and a vote on that First Series B Bonds.

COMPTROLLER FRANCHOT: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Are we all in favor?

TREASURER KOPP: Aye.

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: And finally, finally, I move that the Board authorize and approve the issuance of the final official statement for the bonds.

COMPTROLLER FRANCHOT: Second.

TREASURER KOPP: It has to be seconded and voted.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all votes in favor?

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: The deed is done, Governor and Comptroller.

I thank everybody associated with it.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I thank you and your department for their excellent work. So thank you very much.

TREASURER KOPP: Thanks, Christian.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Back to Items 2 and 3. The Comptroller had a question for Secretary Green with regard to the timing of getting the invoices processed.

MR. GREEN: Yes. And once again, Assistant Attorney General Stu Nathan will speak to his negotiation processes.

MR. NATHAN: Again, this is Stuart Nathan, Principal Counsel. I was the primary negotiator, along with Deputy Secretary McCully, in formulating this emergency modification. It took much longer than I originally anticipated, but that was due to our trying very hard to make sure that we were totally in compliance with what the Board instructed on June 17th. Frankly, there were some hiccups along the way in making sure that we were again totally compliant with the Board's language. There was some negotiation back and forth on that to make sure that we met your requirements and frankly that took longer than we thought. But we think now that we have, as I have indicated in the language in the modification, been totally faithful to what the Board instructed us to do on June 17th.

COMPTROLLER FRANCHOT: Well, I could be corrected by the Treasurer, but what we asked you to do is pretty simple. And it seems as if, you

know, this could have been done within a week based on our clarity and, you know, getting a figure. All we were looking for was the modification so that whatever expenses are paid, have some basis in fact. And that you then pay it. Eight months later you come back and say, well, that's what we're doing. And I understand what the Lieutenant Governor was saying about the not to exceed. But you know, you were paying \$6.7 million, which averages to \$1.12 million. How long does it take to just say, yes, the Board was pretty specific, the Treasurer was very precise, and why don't we just do it? It sure sounds like there was something else going on in addition to our request.

MR. GREEN: If I may, Mr. Comptroller, in response to your question. This is a very complex medical contracting system. We are part of and parcel to working with MDH hospitals responding to COVID and where we are today. I would say to compare us to any other state is not appropriate. I do absolutely stay 100 percent connected to this issue with our colleagues around the state. But as evidence to what we have done from day one to now, this is a journey of complete evolution. Being responsive at every turn to the CDC guidance, the guidance of MDH, and making sure that the best in healthcare practices not only existed in our communities but were brought inside our walls. As evidence, almost 54,000 tests conducted across our system, and that includes serial testing, that

includes asymptomatic testing, not symptomatic testing. All of that is a matter of medical practice, it's a matter of protocol, it's a matter of how we move.

But if I may, I understand the timeframe that it took and I wish we could have brought this to you sooner. But also in complete respect to the Board, we delayed payment of this modification and have not yet, because we wanted to bring this back before the Board to assure that we had done as you directed us to do. And hopefully a bit of that explanation helps in terms of a continuing evolving medical system and a process for us as we adjusted every new practice and every best practice in COVID mitigation. Thank you.

COMPTROLLER FRANCHOT: Okay. Well, I'll let the Treasurer handle that because she kind of led the charge on it. I just find it to be not particularly persuasive, because all we asked for were receipts and payments, that had an audit, and had some kind of an audit on top of it. We weren't obviously getting in your way as far as providing, or they providing healthcare to prisoners. But I did have a question about the \$100,000 per month apparently we're paying for administrative labor for additional invoicing and tracking to Corizon. I mean, how did you arrive at that amount? And --

MR. GREEN: -- very good --

COMPTROLLER FRANCHOT: -- why are we paying for that for, you know, the invoicing of expenses that have been made to us? That sounds just odd.

MR. GREEN: My apologies for interrupting, Mr. Comptroller. Assistant Attorney General Nathan?

MR. NATHAN: Yes. It's consistent with COMAR provisions. It's entirely acceptable to include certain indirect costs in a contract of this nature. When the first modification was terminated at the direction of the Board, and the decision was made to go to an auditable reimbursement model, that meant that there were going to be additional costs incurred by Corizon, and perhaps they can explain even better than I. But additional costs for auditing, preparing invoices, doing the tracking, making sure that they were auditable invoices, all of which were additional indirect costs that again are typical of this type of a contract. And in this case, even at a \$1 million mark, which is less than the monthly expenditure, it's ten percent. Which again, is entirely consistent with what we see across the field in these types of contracts. So --

COMPTROLLER FRANCHOT: I find that an extraordinarily inadequate response. I mean, really. This company is not set up to send us invoices for payment? We have to pay them an additional \$100,000 a month? Who negotiated that?

MR. GREEN: If I may, Mr. Comptroller, with respect to your decision, the conversion from the original contract as approved in 2018, which was a flat rate contract, and then the conversion to this reimbursable, an invoice model, I just want to note that that was another complication in the process.

COMPTROLLER FRANCHOT: I'll defer to the Treasurer.

TREASURER KOPP: No, I don't have the invoices and audits before me. But I assume what you are saying, Mr. Secretary, is that you've changed the method, albeit there is a cap because of the law, and that you have the appropriate receipts now to justify to the federal government our reimbursement for all of these expenses.

MR. GREEN: We do. And Deputy Secretary of Administration Chris McCully, do you want to respond to the invoices that you have before you?

MR. MCCULLY: Good afternoon --

TREASURER KOPP: I don't require all the invoices. I have no intention of looking at all the invoices. I just want to know that they are there.

MR. GREEN: I just wanted to give you the assurances from his office that we have those, of what we have available to us. Mr. McCully?

MR. MCCULLY: Good morning, members of the Board.

COMPTROLLER FRANCHOT: I have all the invoices, Madam Treasurer, yes. But --

TREASURER KOPP: I hope --

COMPTROLLER FRANCHOT: -- I want to make sure we get them all. I --

TREASURER KOPP: That's a summary page. I assume. Yes.

COMPTROLLER FRANCHOT: Yeah, no, we have many, many pages. I'm happy to share them with you. But we do want to make sure that we're going to get the invoices from January of this year through June when it happens in a timely manner, no later than September. Can you commit to that, Mr. Secretary?

MR. GREEN: January of the coming year or --

COMPTROLLER FRANCHOT: -- now, right now. We're in February of now. January, February, March, April, May and June, you will get those invoices to the Board before September.

MR. GREEN: Absolutely, Mr. Comptroller. We will get those invoices as we receive them under the modification terms.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer, were you --

TREASURER KOPP: No. No. As long as the Comptroller has all of the invoices. I just want to make sure that in fact we've got them and that we get our money.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Yes, we, our staff does, and we're happy to share them.

TREASURER KOPP: No, that's all right.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Any more questions?

COMPTROLLER FRANCHOT: Could I just get a quick update on vaccines? What's going on in the prisons with staff and inmates, I guess?

MR. GREEN: Absolutely. Thank you for that question, Mr. Comptroller. So to date, we have held as a department for our staff 25 vaccination clinics all across the regions from one end of the State to another. I'm pleased to tell you I attended most and I had the same privilege of watching people be very thankful for that opportunity. We have vaccinated 4,009 staff during our first dose clinics and 3,220 second doses have already been administered and we're prepared to start our second dose clinics for our staff again I believe March 3rd. To date, pursuant to the Governor's direction and MDH guidelines, we have vaccinated 734 inmates within our system of the 65 and older population pursuant to 1B and 1C have been vaccinated. Eight-four percent of those eligible thus far in those priority groups have voluntarily chosen to be vaccinated. So again, I'm pleased with that outreach level and throughout the system our ability to I would say educate not only

our staff but also within the inmate population of the importance of vaccinations as we emerge from this pandemic in the future.

COMPTROLLER FRANCHOT: Thank you. And I don't want anyone to think that, obviously the State has a statutory obligation and a moral imperative to ensure the safety and well-being of our corrections staff and the inmate population. So I appreciate your efforts, Mr. Secretary, and actions to ensure that. I just want to make sure that this request for auditable receipts does not turn into a kind of backward negotiation to help a company that may have underbid the contract originally and want to recoup some of its losses. That I find completely unacceptable and I hope that you will, you know, have oversight on the process as it moves forward.

MR. GREEN: Yes. And thank you, Mr. Comptroller, we will.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. And Secretary Green, the report that I have this morning, your actual production is slightly higher in terms of the amount of vaccinations that have gone, both first and second. I happen to have it up on my phone. So it's, you know --

MR. GREEN: It continues to change --

LIEUTENANT GOVERNOR RUTHERFORD: -- reporting. You know, it's all, in terms of how quickly the reports get through. So you know, good work. Any other questions for the Secretary on this item?

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Item, the emergency A4. I think we have Secretary Robinson available to answer questions.

SECRETARY GONTRUM: Item A4 is an emergency procurement from the Department of Labor.

COMPTROLLER FRANCHOT: Yes. I have a few questions, but I don't want to --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, no, I just --

COMPTROLLER FRANCHOT: Yeah, Items A4 and A6, actually both of them. A4 is a one-year \$71 million contract to provide emergency adjudication staff resources, and Item A6 is an eight-month \$79.8 million modification on a contract with Accenture to increase the total number of temporary virtual call agents. And Secretary Robinson, just a couple of quick questions. First, can you provide us with an overview of Labor's efforts to process unemployment claims, pay benefits, and adjudicate pending cases? Good morning. How are you?

MS. ROBINSON: Good morning. For the record, my name is Tiffany Robinson, Secretary at the Maryland Department of Labor. Thank you,

Governor and Mr. Comptroller for that question. We are thrilled actually to have these vendors on board and I'm happy to provide an update. You know, we were not, we did not have the luxury of planning and preparing for a global pandemic that resulted in a more than 800 percent increase in our claim volumes essentially overnight. The federal funding model, I know I've explained before, funds this program based on resource justification. So that means it's based on workload. Which means our staffing was at its lowest capacity in the history of the program pre-pandemic. So I know that you mentioned earlier, Mr. Comptroller, that your office did such a great job to handle 14,000 calls in the first --

COMPTROLLER FRANCHOT: -- our employees. No. You can't. We're going to protect -- no, I'm kidding. Madam Secretary, trust me, you know, these are not easy issues, the infrastructure of your agency, etcetera. So --

MS. ROBINSON: No, thank you for that and I just --

COMPTROLLER FRANCHOT: -- personally --

MS. ROBINSON: -- to make sure it's clear that the reason for these vendors is because we are receiving on average more than 21,000 calls per day. So we have paid almost \$18 million weekly payments to almost 800,000 customers. We're really proud of that. We have to redetermine those customers' eligibility through weekly certifications every single week of their claim and issues can arise every single week, which is partly why our call volume is high. We now, claimants

have 50 weeks of benefits thanks to the continuance of this impact and there is likely to be an extension there. We're happy to say that we have still processed over 95 percent of all claims. We are deeply committed to assisting unemployed workers in need right now. And you know, to lay out some of the things that we've done to that extent, we have extended call center hours to seven days a week. We have increased our claims center agents now by over 500 percent. We have launched a virtual assistant, an interactive voice response system, a live human to human chat feature. We have launched the SalesForce customer relationship tool, which is helpful, especially for our legislators. We have established a brand new employer call center specific for employers and third party agents. We have launched two mobile (indiscernible). And we did all of this while also implementing nine brand new federal programs under the CARES Act and the Continued Assistance Act. That makes an entirely new group of Marylanders and customers eligible for this program, including the self-employed and independent contractors. We are also dealing with hundreds of millions of dollars' worth of fraud. We have blocked 65 percent of claims coming in since January have been blocked for fraud, and 87 percent of those claims that are flagged for fraud turn out to actually be fraudulent. So we know what we're doing is important in that regard.

TREASURER KOPP: Could you, Tiffany, could you repeat those numbers a little more slowly? Because they are astounding.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, right.

MS. ROBINSON: They are astounding. Of course, Madam Treasurer. Since January alone, January of 2021, 65 percent of the claims that have been filed have been flagged for fraud. And 87 percent so far of those claims investigated for fraud have turned out to in fact be fraudulent. There is a lot of identity theft happening because of these federal programs. It's not happening only in Maryland, it is happening across the country. But thankfully, in the midst of the pandemic we also launched a brand new modernized system. We didn't plan to do that during a pandemic, but we're happy we did because it is helping us to detect that fraud in our system on a real time basis. It also allowed us to be the very first state in the nation to implement the Continued Assistance Act programs to provide the extension relief to our customers without any interruption in benefits to our claimants whatsoever, and including that extra \$300 that is now available for those additional 11 weeks. So again --

LIEUTENANT GOVERNOR RUTHERFORD: Let me interrupt just for a moment. Let me interrupt. Just on that fraud matter, and the identity theft, there were claims filed under my name and the Governor's name and I think the Secretary herself. And you know, you know, there are international groups as well as domestic that market this information, you know, this personally identifiable information, anyone like myself who has worked for the federal

government, including retirees of the federal government because of the breach at OPM a number of years ago, Target, Experian, if you have gotten credit, if you have a Target credit card. So the data is out there. Our personal information is out there and it is marketed by these different groups. And so when you have this crisis, you know, scamsters and organized crime step in and say, okay, we're going to use these lists or buy this information and see what we can get out of it. And as the Secretary mentioned, some states have been really hit harder in terms of not discovering the scams as quickly as fortunately we were, as well as the Inspector General at HHS, and the U.S. Attorney Hur, for Maryland, you know, the outgoing U.S. Attorney Hur. So I'll turn it back over to you. But that has been a big issue. And I think the Secretary will mention that that five percent that is still out there, that in terms of that are not fraudulent, there is a dispute that is going on. And she can explain that, you know, under our current law, it means for a long process. And that's a challenge. And I know the Legislature is looking at that now.

COMPTROLLER FRANCHOT: And just for the record, the Lieutenant Governor is not unemployed.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. They, yeah, right. And they didn't have (indiscernible) correct. But it was flagged. It was caught. I think they realized that, you know, maybe this wasn't the same person.

TREASURER KOPP: No. As the Secretary knows, the Chief Deputy Treasurer was also, her identity was also taken. And I don't know whether it was flagged before she called you. But I don't believe --

COMPTROLLER FRANCHOT: That's interesting.

TREASURER KOPP: -- I don't know whether it was flagged before she called you. There is a lot of fraud out there.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: There is no question.

LIEUTENANT GOVERNOR RUTHERFORD: But it also shows that it can't be just a mechanical process, you know, to just roll checks out to everyone who is asking.

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: I have a question. Madam Secretary, I don't want to cut you short. I think if you want to put anything on the record, feel free. I think it's, you know, once again I'm blaming infrastructure more than anything. But I wanted to just, I'm particularly troubled by recent reports of Marylanders through no fault of their own now are facing overpayment balances in some cases totaling thousands of dollars. They obviously have no way to repay them. And they are getting billed for I guess overpayment of unemployment. And they are allowed to appeal. But it's very disconcerting to people when they get a

\$7,000, \$8,000, \$9,000 overpayment demand and they obviously don't have it. What are we doing in that situation to provide them either with some forbearance or forgiveness or, you know, it may not be true? It may be like one of these false positive vaccine, false positive tests for COVID where you get, you know, it's done quickly and there are quite a few false positives and you have to get the other test. But you know, these are folks that don't understand the system necessarily and when they receive that overpayment demand to pay them back, pay you back, that's pretty chilling. Have you got any handle on the situation?

MS. ROBINSON: Thank you. That's a great question, Mr. Comptroller. We are communicating directly with our customers about those overpayments. They are happening for a multitude of reasons, some of which relate to the rules of the federal program, the PUA for self-employed and independent contractors. When a claimant files, it requires a claimant to estimate their income. And within a couple months' time, they are required to upload documentation to prove that income. Some of those documents come late. And at the time that our staff reviews and reconciles the proof of income versus the estimated income, the claimant may have an overpayment or we may actually owe them more money, depending on what the proof of income, how it reconciles with the estimated income. So we also have conflict rules regarding these programs and the reconciliation of whether someone is on one of the federal programs or in a state

program. We are constantly searching the systems for wages, as I'm sure you know. So if someone does not have wages and is on one of the federal programs but wages are detected at a later date in our system, they need to be switched back to the regular unemployment insurance program and be paid from the trust fund. Sometimes that triggers an overpayment in one program that then has to be reconciled with the other program. We're trying to communicate better about that directly with our customers so that they know most importantly that a notice of overpayment that they receive in their portal is not a bill. It is a notice and, again, we're trying to increase the communication behind that notice and the reasons for it. But they absolutely if they do not agree that it's correct, they have the opportunity to protest, to communicate with us about, you know, what's going on. There is also the option to seek a waiver for an overpayment. So we're communicating with our customers through direct email about that process as well.

COMPTROLLER FRANCHOT: I would just strongly recommend forbearance, forgiveness, some kind of light touch until you verify if someone is complaining, obviously, there is probably a reason there, at least a lack of understanding. So hopefully it's not, you know, if I get something from you saying I'm overpaid, that keeps me up at night, I would think. So be gentle with our constituents. It's not their fault, putting aside --

MS. ROBINSON: Agreed.

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COMPTROLLER FRANCHOT: -- the ones that are, you know, fraudulent. I'm not interested in protecting them.

MS. ROBINSON: Sure. That's why we're working to increase our communication. We're also obviously on calls with my counterparts across the country, from other workforce agencies, as well as our federal delegation and U.S. Department of Labor. Because to be quite honest, the federal programs don't allow us to offer forbearance. There is a waiver option that is complex and must go through the appeals process with UI. So we're working with federal partners as well to give us more flexibility in that area.

COMPTROLLER FRANCHOT: Okay. I just want to make sure that your department is on schedule to provide the Comptroller's agency with a list of RELIEF Act unemployment grant recipients by next week's deadline. That's the first month, I think. And I assume this and subsequent lists also in addition will be thoroughly vetted to prevent any fraudulent payments? We're the paymaster but we're going to rely on you to confirm that there is as little fraud as possible.

MS. ROBINSON: Absolutely. Sir, we are, my team is analyzing those numbers right now to make sure that the list of customers that we provide to your office is in compliance with the law and excludes every single claim flagged for fraud. Because as I mentioned earlier, those claims are most likely fraudulent

and we certainly don't want our taxpayer funding to go to fraudsters. So we will certainly have that to you by the first date of March 3rd.

COMPTROLLER FRANCHOT: Excellent. Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MS. ROBINSON: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Madam Secretary.

MS. ROBINSON: Governor Rutherford, the only thing that I didn't say that I think I want to make sure is loud and clear is that we have paid almost \$10 billion in benefits now during this pandemic, since March 9th. So, you know, we will keep working hard to make sure every single customer gets the benefits they are eligible for.

COMPTROLLER FRANCHOT: I missed your response to the Treasurer. Because she claims and my agency also claims that they have found fraud in unemployment payments to members of our agencies that you guys apparently did not pick up. So A, is that, could that possibly be true? And B, are other agencies being, are you paying attention to vetting all State employees to make sure this is not more widespread?

MS. ROBINSON: Yes, sir. We absolutely are. We look at that list every single week of State employees and related high level officials, in addition to

all of the triggers that we have in our system already. We also have a vendor coming on board from a competitive RFP that is going to be helping with fraud in addition to that. I can't tell you specifically which claim was detected by us or by you, Madam Treasurer. So I have to look back to get you an answer to that. We are notifying, we're working with DBM to notify every State agency of anyone on that list every single week. And sometimes, I will be honest with you, sometimes if a fraudster has a correct date of birth, social security number and name, and it gets validated through the Social Security Administration, and it doesn't hit a foreign IP address or any of the other multitude of triggers in our system to connect it, then it will send a notice to the employer. And that's kind of our second, you know, our Plan B to catch it. Because we do hope to hear from you so that we can block it immediately. And of course, we are reminding claimants and employers that no one is liable for any benefits that were to get paid out in their name if they are fraudulent.

TREASURER KOPP: Well, I know you are working with the Chief Deputy. I just got a note from her that she actually got a card, a UI card, with money on it. And the money was, before she found out what it was about, the money was sent on to another account. It clearly, clearly is fraud. And that you are now trying to get the money back. But just to say this is the way they operate.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. ROBINSON: Right. So in a situation like that, we block the claim immediately, remove the social security number from the account --

TREASURER KOPP: -- anywhere.

MS. ROBINSON: -- work with the bank to recoup, yes.

TREASURER KOPP: Yes. We will not allow her to leave the State Treasurer's Office. So please know --

LIEUTENANT GOVERNOR RUTHERFORD: Uh-oh.

TREASURER KOPP: -- if you see her name on it again, it's not real.

LIEUTENANT GOVERNOR RUTHERFORD: I think that was outlawed by the 13th Amendment, but that's another story. Okay. Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: I have an observation.

COMPTROLLER FRANCHOT: Oh, I'm sorry. Go ahead.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, an observation. Yes?

TREASURER KOPP: Just in general for some of these Department of Health, maybe Human Resources, maybe some others. I'm sure there are good reasons. But when there are emergency procurements, I don't believe this is true

of you, Madam Secretary, when there are emergency procurements, the procurements are made, everything is proper. I have no question about that. But then they are not reported for four months, five months. I'm sure in some instances there are truly valid reasons, but in others they don't get to the light of day, the taxpayers really can't see them until they have been reported. And that's why it's important to keep the reporting up. Just an observation.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Yes. And that has been raised with a number of our agencies you know, in the past, is that they need to get these reports out. It's supposed to be 45 days. And so --

TREASURER KOPP: Right. And there's a reason for it. It's not just --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: -- a hoop for them to jump through.

LIEUTENANT GOVERNOR RUTHERFORD: Yes --

COMPTROLLER FRANCHOT: Madam Secretary, sometimes I would call our 800 number because I keep saying, you know, it has got to be answered within a minute. Do you ever try your own number?

MS. ROBINSON: I sure do. I try that number and I also try our employer call center number. And we make tweaks regarding those calls every single day. I will go back to mentioning that with over 21,000 calls on average per

day, we are not going to be able to always answer every single call. We would need thousands and thousands and thousands of employees. We continue to staff up. And what we have done to combat that is provide all those additional ways to communicate with our office, the virtual chat, the live chat, the BEACON portal chat, the different specific email boxes. We work, you know, around the clock, seven days a week, to assist our customers and we'll keep working to improve every single day.

COMPTROLLER FRANCHOT: I would never question that.

MS. ROBINSON: Thank you.

COMPTROLLER FRANCHOT: But, you know, if you could communicate directly with these people that are getting overpayment notices, I think that would go a long way, or hold off on them temporarily until you get the capability to say to them, hi, we're calling you, we're sending you this. It may be correct. It may not be correct. Here is what you need to do. Because if I got one, I would, you know, probably jump out of the window.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, I doubt you would do that.

COMPTROLLER FRANCHOT: Yeah, maybe not. But you know

--

LIEUTENANT GOVERNOR RUTHERFORD: First floor, maybe.
But okay.

COMPTROLLER FRANCHOT: -- I mean they, I don't know how many there are, Madam Secretary, and it may not be possible. But if there is some way to communicate via email or in the notice itself, etcetera, so that you don't shock people.

MS. ROBINSON: Thank you for that. We're working on it.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on the Secretary's Agenda? Thank you, Madam Secretary.

MS. ROBINSON: Thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a motion on the Secretary of BPW's Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Is there a second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Department of Natural Resources.

MS. HADDAWAY-RICCIO: Hi, good morning, Governor, Madam Treasurer, Mr. Comptroller. Or almost good afternoon. For the record, I'm Jeannie

Haddaway-Riccio, Secretary of the Maryland Department of Natural Resources. I want to first thank all three of you for your support of the Swallow Falls item that was on the Secretary's Agenda and for that. And in addition, we have eight items on our Real Property Agenda today for which we are seeking approval. And we're happy to try to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Secretary, we were all at Swallow Falls approximately a year ago and there wasn't as much snow out there as there is right now.

MS. HADDAWAY-RICCIO: That is very true.

LIEUTENANT GOVERNOR RUTHERFORD: But it was still cold. It was still cold out there. Any questions for the Secretary?

COMPTROLLER FRANCHOT: Move approval, if appropriate.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I think we have a second --

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you --

MS. HADDAWAY-RICCIO: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: -- Madam Secretary. University System of Maryland.

MR. HICKEY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Tom Hickey, representing University System of Maryland. We have three items for your consideration and we're happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I have just a, you know, a question, you know, I often ask when I see Terrapin Development involved on Item 2. And I know that the staff here had asked a question in terms of the proceeds for the parcel, the first parcel in phase one, how that is being distributed. And it created, the answer created another question because it was an answer that said that the University at College Park, that their ownership percentage would go up from, and I don't remember, I think it was up to 32 percent. But my understanding before that was that College Park was a 50 percent owner and the foundation was a 50 percent owner. So I'm not sure what the, how that changed in this particular case.

MR. HICKEY: I will turn to Ed Maginnis, who is the Assistant Vice President for Real Estate at the University of Maryland College Park to respond to that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

MR. MAGINNIS: And good official afternoon --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. MAGINNIS: -- Governor, Mr. Comptroller, Madam Treasurer. So the very straightforward and easy answer to that question is the ownership interests were never intended to be 50-50. They were always intended to be dynamic and to change over time. When we were before this Board two years ago seeking approval of the contribution agreement to TDC, it was explained that each and every time a University of Maryland property was contributed to the benefit of TDC, that the value of that property would be considered a University investment in the joint venture and because the investment value went up, the University's ownership percentage would increase.

So as time goes on, we're now at the first of the ten properties in this call agreement, as each one gets, and this is the right word, invested by the University into this enterprise, then the University's percentage ownership and percentage return will increase over time.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Who is the majority owner?

MR. MAGINNIS: So as of today, the property that was invested originally by our foundation creates a majority foundation percentage ownership as of today. Again, that will change over time and it was always expected to change over time as this dynamic structure moves forward.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I guess the key is the dynamic structure. So when the entity was created, was it then 100 percent owned by the, or 99 percent owned by the foundation and one percent? Or were there other --

MR. MAGINNIS: No --

LIEUTENANT GOVERNOR RUTHERFORD: -- owners there?

MR. MAGINNIS: -- no, it was not. Because when it was created, even though the University at that time had not contributed real property, the University at that time received credit for what I can generally describe as our previous soft cost contributions to what we have been doing to advance the economic development mission of TDC and the University. So we did receive a credit. I think the numbers were about 80-20. I don't have them specifically.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. MAGINNIS: But again, there was always this intention. You know, the good news is, each and every time a parcel of property gets invested, that means that there is an opportunity that has come to, again, advance the mission to attract, as in this particular case, private capital to work to advance, again, just our general mission if I can describe it as increasing the tax base and creating jobs and just sort of creating or contributing to the sort of, I used the word dynamic before, I'm going to use it again, to the dynamic enterprise of making College Park. It's

the greater College Park initiative so I'll use the word making College Park greater

--

LIEUTENANT GOVERNOR RUTHERFORD: No, I appreciate the, you know, the utilitarian vision and I think it is good. I just was, you know, a little confused in terms of, you know, how to add that. So no, I understand that. And it's very good. So that was, that's the only question I had. And you know, we'll, I don't have any --

COMPTROLLER FRANCHOT: I have a question, if you, if we have time.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, absolutely.

COMPTROLLER FRANCHOT: Are the prepayments that Terrapin Development Company will receive from the recommended tenant one-time or recurring payments?

LIEUTENANT GOVERNOR RUTHERFORD: Good question.

MR. MAGINNIS: So those two prepayments that are described in the Agenda item are up front, one-time payments. There is the potential for a participation rent to capture in essence a windfall in case, in case we guess low there is a recapture of performance above and beyond the projected pro forma performance. So there is that safety net to capture future home runs, if you will.

But what is described in the Agenda as up-front payments are in fact simply one-time payments.

COMPTROLLER FRANCHOT: Got it. What are the total estimated participation rates for Parcel B and Parcel C in the base term of the ground leases? I understand, you know, how these rates are determined, I guess, a little bit. But what do you estimate is going to happen?

MR. MAGINNIS: So what we've done, and you can extrapolate it from the numbers that are in the Agenda item for the first phase. So that up-front payment is \$4.73 million. The projected total net return is \$5.04 million. So we're projecting the net present value of that participation rent to be I'd say approximately \$350,000. So it is not as projected based upon where we think the rents are going to go, based upon what we think is going to happen in the future. I agree with you. It's not a substantial add on. But if we're wrong about the future and the rents are greater, then that allows for TDC to participate in, again, what I will call the home run scenario.

COMPTROLLER FRANCHOT: Okay. So Brandywine is prepaying ground rent for the \$15 a square foot, and was that figure, did that have any basis or was it just sort of, how did we determine it's fair and reasonable?

MR. MAGINNIS: Well, part of the reason we determined it's fair and reasonable, again, this was a competitive procurement. There were invitations

for many developers to participate. It was two-phase. It started with a request for expression of interest. Five parties responded to that. Each of those five parties was invited to participate in the RFP process. Each of those submitted a response. There were multiple factors that were part of the evaluation matrix. Financial was an important part of them, but not the only one. One of them was concept design.

One of the things that I would emphasize, and I think it is a good thing, is we specifically asked this developer to create open spaces, just sort of to create that area for, I'm sort of going to read from the RFP right now, that are strategically located to encourage daily active use and interaction on the space. And of those five proposals, Brandywine was at the top of the pile on both the financial return, so this was not we're taking a low bid here, but they also excelled in adhering to the conceptual design that TDC and the University thought was appropriate for this sort of Main and Main premier corner property. So the response was excellent from a conceptual point of view. It was top of the pile from a financial return point of view. And the other important criteria for Brandywine is they've got a demonstrated track record of working with institutions of higher education.

They have, and I mentioned it in the Agenda item, so they are engaged sort of with Drexel in the Schuylkill Yards project in Philadelphia. And that's a big project, \$3.5 billion. We certainly wanted to pick a developer that has the ability financially to perform. Brandywine checks that box.

I'll also mention one of the things when I was looking at the Schuylkill Yards project that I really liked, because it sort of shows where Brandywine is tied to sort of planning visions and conceptual visions. The very first phase that was developed in Schuylkill Yards was a park, Drexel Square. So, you know, their first investment in that, in their first phase, was for this. This is what we want as a look. This is what we want just, you know, don't just build your first money making phase, but start with the conceptual ideas, the vision. Because this, you know, I used the word home run before. We want this project to be a home run from a design perspective, from a usability perspective, from creating an interaction with the tenants and the users and advancing the University's research mission. And Brandywine checked those boxes.

COMPTROLLER FRANCHOT: Great. Well, I also have letters from the Mayor of College Park and Senator Rosapepe and Delegate Joseline Peña-Melnyk and Delegate Ben Barnes all saying the project is terrific. I assume you can keep us informed with any details, for example, about the C Parcel, or whatever it is? I know you have some information, but keep us in the loop. And I'm going to vote for this proposal.

MR. MAGINNIS: Thank you.

COMPTROLLER FRANCHOT: When it comes up for a vote.

TREASURER KOPP: A very brief question. I know Brandywine has a good reputation in terms of green buildings and that, sort of its environmental concern. Will this development be aimed at the same goal in terms of net zero and other related goals that the University itself is?

MR. MAGINNIS: So I think that Brandywine does have a good track record with regards to sustainability. One of the questions we asked and one of the boxes that they checked is, you know, in their substantial portfolio, they are already at close to 70 percent green energy. The --

TREASURER KOPP: Mostly through offset, I believe.

MR. MAGINNIS: Yes, so again, mostly through offset. But this project as it moves forward, and it is, there is a process that's going to move forward. So the next step is to forward and advance the design to comply with the zoning overlay sector plan that is in place for this area. And the sector plan, this overlay zoning, is very comprehensive and, and I'm just, I've got the sustainability section in front of me and I'm not going to bore you by reading the whole thing. But I'm going to read the subject headings as to what the Planning Board is going to look for here. And again, LEED Silver as a minimum, but you've got to go to Gold or Platinum unless you can show that you can't. Passive solar and ventilation design are factors. Green materials, onsite energy generation and efficiency, including solar panels, and thoughtful water conservation landscaping. So the

process that it is going to go through at the Planning Board stage is absolutely going to focus on those key issues.

TREASURER KOPP: Great. I really thought my question would get a yes or a no. Could you get back to me on how it matches the University goals in terms of net zero, etcetera?

MR. MAGINNIS: Well I -- if it's a yes or a no, I think the answer is yes. Again, for the reasons I said. Because the process is going to take it to a carbon neutrality perspective. And we're going to steer it that way.

TREASURER KOPP: Okay. Well, we will be watching. Thank you.

MR. MAGINNIS: I hope so. Because I hope when we come back we're going to, we're going to show you, I'm going to use the word again, you ready? A home run.

TREASURER KOPP: Great.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions on the University Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Thank you very much.

MR. HICKEY: Thank you.

MR. MAGINNIS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. 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 12 items for your consideration today and representatives are available to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I want to get back to the item that was deferred last time, that is the contract at MAA. I believe it's Item 12-GM-MOD.

MR. SLATER: Yes, sir. We have, the one that was deferred from last meeting as well as a new one on this one. They are all very much related. They are 1-GM and 12-GM. And I also have Executive Director Ricky Smith on here.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. As we talk about 12-GM in particular, I want to have the letters that were brought in the Agenda item two weeks ago incorporated with this (these) letters. And I don't believe we had any letters that were opposing, but the letters of support I want it in the record, incorporated with this Agenda item.

SECRETARY GONTRUM: Will do, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Are there any questions from the members? I know we have some testimony.

TREASURER KOPP: Could I suggest we might have some questions after we hear the testimony?

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Now my listing doesn't say whether people are opposing or supporting. So I'm just going to go down the list that we have. Now, I will state that there, in one instance there are two people from the same organization and I'm going to ask that just one of them speak. But let's start with Mr. Robert, and I hope I pronounce your name correctly, Weitz from Travel Retailers Solution, LLC.

MR. WEITZ: Good morning, Board members. How are you today?

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. Did I pronounce your name nearly correct?

MR. WEITZ: Nearly, yes.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Nearly.

MR. WEITZ: It's Weitz, like he waits for the bus.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, Weitz. Sorry about that.

MR. WEITZ: I apologize. My house phone started to ring. Yes, we, our company has been operating out of BWI since 2006. We have had, we had originally a coffee shop, Chesapeake Café. They closed when the Airport did the D-E extension. But we currently operate two locations, BGR The Burger Joint and Nature's Kitchen Fresh Café. We have lost a couple of hundred thousand dollars this year, you know, in this past year, even with the, you know, the help that we have already gotten from the Airport. We hope to be there for a long time, so we're willing to invest in the business because we like the Airport. We've been there forever.

We are in support of the motion or the request that MAA is putting forth the way it's written, with no other, you know, addendums to it. However, we would like to also say personally, we think this is only a start, that the Airport really needs to give more time to make back the money that we've lost. But that's up to you guys. But we need the help. And I can tell you, all of us that are at the Airport, we all speak with each other, we all feel the same way. We've got to have this formalized. We have banks that we answer to for loans. We need to have some stability and certainty when we talk to our bankers. So we ask that you consider it and that you vote positively for it.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. We have next Ms. Cheri Cernak. Cheri?

MS. CERNAK: Yes. Can you hear me now?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MS. CERNAK: Okay. Hello, Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. My family are the owners of CRC Restaurants, which operates Obrycki's, and two R&R Seafood bars at BWI Airport. Unfortunately, only Obrycki's is currently open because of the COVID crisis and the impact it has had on BWI's business. Our other two places are currently standing vacant. We are at about 50 percent capacity at the location that is open, so obviously sales are down, our costs are up due to the COVID protocols, and really everyone in the retail and restaurant business is either closing, basically losing sales, and most of us are in survival mode and not sure of our future.

What we're hoping for is a turn around. At some point once the vaccines come in and people are traveling again and things are good, we're hoping that we will have that turn around. Currently, though, we need assistance sooner rather than later. So I'm asking you to please vote for the extension of the MAA contract as it's written.

In the short term, suspending the MAG rent and allowing us to do flexible hours will help all of the tenants to accommodate their business but not have to be there when we don't have people traveling. Secondly, extending the lease for Fraport for a one-year minimum and tenants two years minimum allows

everyone some more time to stage a comeback with business the way that we are used to doing it. In addition, the extension may allow us an opportunity to recoup our losses, rebuild our businesses, employ more people, and perhaps even become profitable again.

BWI is unique in that there are so many small, local, family, ACDBE businesses, not the large corporate chains. That's why it's such a great program. However, that is also why we are vulnerable and need more time to turn things around and we need it as soon as possible. Thank you for your consideration.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Ms. Inez, and I am definitely going to get this name wrong, Setiabudi. Inez from Arby's Restaurants.

MS. SETIABUDI: Hello, Mr. Governor, Mr. Comptroller, Madam Treasurer. Can you hear me?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MS. SETIABUDI: Hi. My name is Inez Setiabudi. I am ACDBE operator. I live in Crofton. We operate Arby's inside A-B Food Court, and also Gachi House of Sushi, our own brand that we established since 2012 at BWI Pier A and Pier B. So we have three stores. Unfortunately, the Pier A right now is still being shut down since March. We're not sure when it's going to open, hopefully soon. We experienced 60 percent drop in sales in 2020 compared to the year before

the pandemic. To be honest with you, I'm hoping that if I have a chance to speak like today, which I appreciate it, I would like to support, if you can give us I would say more like help and a lifeline. If you can extend a couple of years for all tenants in BWI Airport. If I may say, I am aware that neighboring airports also offer the same thing, the extension and also continuous rent relief for all of us. It will help us to definitely take care of the fixed costs.

Unfortunately the fixed costs is not depending on if a store shuts down or not. Fixed costs cover everything from common area maintenance, technology, personal property taxes, equipment leasings, basically all the required maintenance also that we have to do to maintain a good restaurant operation and a healthy operation. Unfortunately during this time there are some food costs increase as well and also labor costs that increase. So all these fixed costs, if it's an investment that we put since 2007 with Arby's and 2012 with Gachi, if you are willing to give us an extension of two or three years to all tenants, it will help me to, it will help our company to recoup all the losses and then make the investment reasonable in BWI Airport.

At this time, I would also like to thank Mr. Governor, Mr. Comptroller, Madam Treasurer. As ACDBE in 2020, we received a couple of grants from you. So for that, thank you very much. It helped us. I know it didn't help the whole loss of few hundred thousands that we experienced. But at this time

I would also like to thank you all for that. And we are in support of the tenant lease year extension. It is a lifeline for all of us. Thank you so much for the opportunity to speak today.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. You said that you received a State grant? Is that what I just heard?

MS. SETIABUDI: Yes. Yes, of \$10,000. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. Well, I think I will let the Governor know. It's the Governor who provides those grants. And so --

MS. SETIABUDI: Thank you.

TREASURER KOPP: We --

LIEUTENANT GOVERNOR RUTHERFORD: -- and the Legislature --

TREASURER KOPP: We celebrated the coming of sushi to BWI, as I recall.

MS. SETIABUDI: Thank you. Thank you, yes. Mm-hmm. I'm aware, Mr. Comptroller, Peter Franchot has been there before and he gave us a pin.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, he's a sushi lover? Good. Very good.

MS. SETIABUDI: Yes. Thank you so much again. (Indiscernible) but we are ACDBE. We are local. I live in Crofton. A long time ago, I had Arby's in Annapolis Mall. Apparently it already closed due to high rent we have to pay to the mall. But I'm thankful to the Department of Transportation, MAA, and also Fraport, that are willing to talk to somebody at the mall in the year 2006 and give us the chance to bid for the opportunity at BWI. And since then, we expanded and have two more units at BWI. So for me who is an immigrant of this country, this is like a dream come true. And I'd like to take care of this dream. Unfortunately at this time, I really rely on you guys also to help us, you know, to survive the pandemic and make the business prosper again in the future.

LIEUTENANT GOVERNOR RUTHERFORD: Well, thank you. And thank you for, you know, your investment in Maryland and at the Airport. Thank you very much. Sandy Roberts? Mr. Roberts?

MR. ROBERTS: Good afternoon, Governor, can you hear me?

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Yes.

MR. ROBERTS: Okay. Good afternoon, Governor, Madam Treasurer, and Mr. Comptroller. For the record, my name is Sandy Roberts and I'm a minority business owner and operator of several retail concepts at BWI International Thurgood Marshall Airport since 2004. We own at the Airport 11 retail operations, several different concepts, including four newsstands, a

Pinkberry, two NYS Sunglasses, and a Charm City operation. We're also in partnership with some larger operators for four other enterprises. Of those enterprises, we have three newsstands that are still open and Charm City, and everything else unfortunately is closed. Pre-pandemic we had 72 employees and we were very proud of being able to grow our business from the operations that we had in 2004 to where we are now. And unfortunately, post-pandemic we're down to 42 employees and we are basically struggling trying to hold on.

We want to thank the Airport for the MAG relief we were able to receive for the last 11 months or so. Frankly, without that, we don't believe our business or any of the businesses of the concessionaires you've heard from earlier would have frankly survived. We think it's important that that MAG relief continue by this extension request, the extension of the MAG relief request. And also the extension of the lease request, which is very, very important.

As all the operators here who are individual operators who have made a significant investment into the Airport, either through loans or through their personal assets, etcetera, the construction and putting up a facility in the Airport is very, very expensive and it is programmed over the life of the lease. When, and based on the sales that you are anticipating. All of your MAG numbers, all of your percentage rent numbers, all of your CAM numbers, are all based on historical numbers that you expect to receive from those businesses. When the pandemic hit,

those numbers crashed by, and you've heard numbers of 60 percent, some cases even higher at the beginning. And so of course, you know, everyone was struggling. We ourselves have lost close to half a million dollars over the past 11 months. And you know, as I mentioned, without that relief we would not have been able to survive.

I think it's important to have, I know part of the modification before you is to grant the relief retroactively. Of course, we're going to need that approval but we are also going to need that relief to go forward a little bit. And so with that, we offer our strong support in favor of the modification as advanced by the administration.

In addition, I just want to add two other things for the Board's consideration that are not specifically before you. But I think it's important that you know by all accounts of what we're hearing from the industry, and we're involved in other airports so we hear these numbers all the time and talk to industry folk. It's the traffic at the Airport is not expected to return to pre-pandemic levels until approximately 2023. With that in mind, you know, when you think about where we are now, we would see ourselves potentially in the near future, a two-year modification probably would not be enough. We're probably going to need to hear more. I think you are going to hear that from some of the operators as well.

And then the other thing I'd want the Board to consider, again not necessarily in front of you but it's something that Inez, the person who spoke before me, just said, which is our neighboring airports, in addition to the MAG relief and the lease extensions, they have also reduced the percentage rents significantly. Because those numbers are again, as I said earlier, based on what the projected numbers were pre-pandemic. And so something for the Board to consider. With that, I want to thank the Board for giving me the opportunity to be heard. Thank you so much and with that, if there are any specific questions, I will take them. But thank you. That concludes my testimony.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Mr. Roberts. We have Robert Giaimo, the President of Silver Diner.

MR. GIAIMO: Yes, thank you very much, Lieutenant Governor. And thank you, the whole panel, for the time you are investing.

We have been at the Airport for close to 15 years and have seen it from stem to stern and we applaud the job that MAA has done. We applaud the job that Fraport has done. And we applaud the job that you and the Public Works have done in making this success story that we have been a part of.

Notwithstanding that, I am here to say, I am recommending voting no on this proposal. Not because directionally it's not the right direction. It's the right direction but the amount of time frame is insufficient. As I understand, the

bill, it's two years or till the end of 2027, whichever comes first. Well, if you have a lease that goes until 2025, then that gets you to 2027, and that works. It gets people five years. But if you are like us and a dozen retailers that aren't on this call, but I'll give the names at the end of this, have shorter term leases, you are in a whole world of hurt. And you are in a world of hurt because if you only get a two-year extension or a three-year extension, the industry full recovery I think someone just discussed about it earlier, it's going to begin a recovery in '13 -- the projections are 70 percent in, excuse me, 2023. A full recovery of 100 percent is not likely until 2024. And no one knows the twists or turns in this pandemic. So what that puts us in a situation is, if we have just a two- or three-year lease, we have only a one-way ticket to Palookaville because we are riding a train downward continuing to sustain losses with an uncertain future. And if you have to fund those losses, where do you get the money? Investors, friends, banks, they all say how do I know you will get the money back? It's really that basic. And no one on this call can say that it's going to come back, the losses are going to reverse themselves magically sooner than the industry recovers. And the industry projection, the *Wall Street Journal* article we submitted, is 70 percent in 2023 and not fully back until 2024 (2024).

So I am advocating a very small change, a small change in the language which would level the playing field for people with shorter term leases

that says the lesser of five years extension or 2027. Just change two to five and then everyone in the Airport has the same time to make it up.

Let me illustrate that with some numbers. At Silver Diner we're a larger operator there and we have worked hard together with the Airport to our success. Last year, we paid rent in 2019 of \$1,275,000. I understand from Fraport that that is by far the largest rent. Most of that is percentage rent, because we have been able to grow our business. Last year, this year, in 2020 we lost \$800,000. Now that, and we're going to lose over half a million dollars next year, and something close to that the following year. We simply don't have money in our pocket to pay the rent without being able to take a lease and go to some party, in our case the bank, everyone has got a different source of financing, and say we have a sufficient timeline to both take the losses of the next few years and make them up. And if we don't have a five-year lease to do that, we can't get the funds, we can't pay our rent.

So what is the impact of that on the Airport? Well, besides us being a good business that goes out of business, it, you know, and besides it is impacting a local leading Maryland restaurant company, because that would have a domino effect on our whole company, which is headquartered in Maryland and one of the larger Maryland restaurant companies. Obviously we're getting hit in all our locations, so it's not like other people can support this store. We're under threat

and, you know, banks and everyone is saying you have to cut your losses. But beyond that it's our people.

We have 140 employees, some of the better paid jobs with better benefits and, you know, have tried to be a leader for the Airport. Those 140 people, which are now down to 75 or 80, are counting on us and we want to bring them back to 140. But if we can't exist, they can't exist. So you lose jobs. You lose income. You lose a local operator. And it's, this isn't really necessary.

Now you might say why am I raising this alarm and the other people have spoken in behalf? My brother is here, who all of us as they say talk and work together. I think, you know, most people on the call received the letter and it was well meaning and it said, please support this two-year extension or you might not get an extension. This might not happen. So if you are going to drown today or drown tomorrow, you would rather drown tomorrow. I'm happy to put that letter in. And I'm not saying that letter was badly intended. I'm sure it was well meant. But you know, when we spoke to people with shorter term leases, they didn't have time to get on the phone to get on the testimony list. People like the two McDonald's, the three Auntie Anne's, the Philips, the Sir Veza's Kitchen, Market Express, all of which we have emails from that would love to speak on behalf. So if you want to make businesses survive, and get to the other side, I think you need that.

And you might say, you know, well look, in two years we'll give another extension. You know, there are a lot of restaurants already out of business and you are going to put more out of business with that short term solution, where some people are left with two or three year leases and other people have five year or more leases. And I think that's an inequity. So I suggest with a small change, you could level the playing field and win for everyone. And again, I would just close by saying we support Fraport. We support MAA. We support Ricky. We support everyone. But we need first to be able to support ourselves to have the income to get to the other side.

We have many other commercial leases. Not one of our dozen locations has not, has a lease less than five or seven years. Not one landlord has not granted dramatic rent relief, where they cut out the MAGs and just went to percentage. And that's how the banks have financed those locations to make it through. They are not, they have turned us down. We have been writing for nine months. We can't get financing. We can't pay the rent. And we'd like to be a player there, but we can't play without a lease extension that gives us the funds and the runway to do it. And we've shared our financial statements. We've opened our books. And we think there is an equitable solution that could be equitable for all parties. And that's why there is a legislative bill that is going to be heard today, because we, you know, legislators taking this up, of making a five-year minimum

to level the playing field. But I think rather than the Legislature doing this, it should be done by this party, this group, or at least this group waiting until the next session to learn more about this inequity and see if there is a way to create a win-win for everyone. I mean, we had MAG relief promised for six months. That doesn't exactly give a bank or anyone else comfort. Of what's going to come back, you know, six months from now and two years is not enough. So thank you. Sorry to go on. We're emotional because we're protecting our people. Our people, we have all, you know, we're at 98 percent minorities in our company, who started at the ground up. Seven or eight people are managers who started as dishwashers. And --

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Thank you. I think you've gone well beyond the two minutes. But thank you very much. Secretary Slater, or I don't know if Executive Director Smith is on the line, but do you want to address some of the concerns he raised?

MR. SLATER: Absolutely, sir. Let me introduce Executive Director Ricky Smith. He can add some really important context, as he was working with a lot of the businesses and his team and really trying to find the relief as quickly as we could for all of our team.

MR. SMITH: Yes. Thank you, Secretary. Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. Thank you for the opportunity to speak this morning.

I first want to start out by providing some context so that we're all understanding the landscape that this decision was made in. So back in March of last year, without any warning, without any forecasting, our passenger traffic dropped 96 percent. That had never happened to the Airport before, except for 9/11. But the difference is, with 9/11 we knew when traffic was going to come back. With this pandemic, there was no certainty around when traffic would return. The best forecast, which continues to be the prevailing forecast in the industry, is that we will begin to see pre-pandemic traffic levels sometime around late '23 to early '24. Right? And so the contracts that we're talking about, the subleases to Fraport, they are all based on a minimum annual guarantee, which is separated into a minimum monthly guarantee. And those guarantees are based on a forecasted traffic level under normal conditions.

And so we were one of the first airports in the country that took action back in April to provide relief. And so just to add some context to the relief, the purpose of the relief was to rescue these companies that otherwise would die. They would fail. They would close because there was no way that they could continue to provide a guaranteed rent level based on higher, much higher forecast

traffic levels. And so we took that action immediately. It was very welcomed. As a matter of fact, the industry held us out as a model for what other airports should be doing and other airports followed suit. And so that relief was in place until, in essence, it removed the MAG so that the rent that a subtenant would pay to Fraport would be a percentage of their sales. And so if their sales was \$50, they paid a percentage of \$50. If it was \$10,000, they paid a percentage of \$10,000. We thought that was a reasonable approach, and again it has become a model in the industry.

That was intended to provide operating relief to the subtenants so that they can try to survive the best they can throughout this pandemic. In addition to that, we also worked with the Department of Commerce as well as the federal government to make available to them PPP funds. Several of the subtenants received PPP funds. For example, Silver Diner received some \$10 million in PPP funds to help support its losses because of its operations at BWI Marshall and some of its other locations. And so those measures were taken to provide relief on an ongoing basis.

There are two aspects to the contract. There's the rent that they pay, and then there is the term, the life of the tenancy. This piece only addresses a one-year extension for Fraport, and that will lead to Fraport providing a two-year extension to the subtenants. We will come back to the Board of Public Works to

get approval on those two-year extensions. Now, the significance of the two-year extensions, our subtenants make significant investment in their locations whenever they are building out. When they negotiate their tenancy with Fraport, it is based on a number of years. Those years are determined based on what it would take for them to recoup their investment. So if you are a tenant who is five years into a seven-year term, then you don't have many more years of recovery necessary because you should have recouped that investment as you have been living the life of that sub-tenancy. So the rationale behind adding two years extra to the end of each existing subtenant is not to renew their arrangement, it is to simply to provide them additional time to continue recouping the investment that was built into their existing lease.

So a firm that has an expiration in 2025, yes, their lease will be extended to 2027. If your contract expires in 2022, then you will get an extension to 2024. But that's because you should only have two years of investment left to recoup. So to give someone with two years left of investment to recoup five additional years is in essence renewing the agreement, and that is not the intent of this piece. This piece is to provide relief. It is to rescue them and to help them wade through this pandemic in a manner that they can survive and stay open and keep people employed and continue to provide important services to our tenants. And so you've heard from some of our subtenants, many that are not here, that also

appreciate the effort that we put into them. We want to continue to work with Fraport to find many ways to try to provide relief and rescue to our subtenants.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Any questions for Mr. Slater or Mr. Smith?

COMPTROLLER FRANCHOT: I want to thank Executive Director Ricky Smith. He has briefed our staff extensively on this issue and also related issues. I'm not saying that we don't come back for additional relief. I hope the State does, given the situation and some of the testimony from Mr. Giaimo and others. But I guess I'd just like to ask Director Smith to update the Board in six months as to where we are with these, with the status of the recovery, or the bounce back, or recoup, or whatever it's called. Because obviously, there are going to be some possibilities, I hope, for the State to continue its support and relief for these small businesses.

I also want to ask Mr. Smith to continue to keep the interests of the workers who are at all of these many businesses. These are folks that if they wish to have some kind of union representation, should have it. And they should be able to, you know, request it without any fear or retaliation or punishment from anybody in a management situation. So I'm, that's a side issue that I've discussed with Ricky Smith and he is I think receptive to the fact that, you know, we have to do what's right by the little people as well as obviously the owners of businesses. And I have

told everybody, all over the State, that when AFSCME was given permission to organize the employees of the Comptroller's Office, all my directors went bananas in opposition and said don't allow that. And what about the other places, like the Governor's Office, that isn't organized? And you know, we had to do it because the Legislature ordered us to do it. It proved to be a tremendous boon. Now the directors, who were all opposed to it, say, you know what? This really works to have us sit down and communicate with the employees in a way where there is some level playing field. And you know, I think it was a real eye opener for our professional staff. And I hope at the Airport ultimately there will be some form of representation of these, you know, really -- I don't say they are low wage earning employees. They are just in the hospitality sector which by definition I believe would benefit from representation.

So thank you very much for letting me, for Mr. Ricky, thank you for the excellent briefing that you've given. It's a complicated issue that's information, I would describe it as.

LIEUTENANT GOVERNOR RUTHERFORD: I think Mr. Smith probably, you know, can state further, but there is union presence amongst the subtenants currently. I believe there are three, maybe four unions that are representing some of the workers in the facility. HMS, I think it is, they have union representation, the Seafarers are there, and some other unions. So there is, you

know, I guess it's a question of penetration in some of the other subtenants. But there --

COMPTROLLER FRANCHOT: No, you're right. HMS is --

LIEUTENANT GOVERNOR RUTHERFORD: There is union representation.

COMPTROLLER FRANCHOT: Yes, you're absolutely right. I'm just suggesting that it's somewhat in transition. And whenever you have those initiatives underway, there is natural human instinct to say no, hell no, and by the way, I'm going to punish you if you even mention this anymore. And I just don't want to see the workers at the lowest levels have any kind of intimidation or retaliation, obviously that nobody accepts and is not legal. But it gets done behind back doors. And I just want to make sure everyone is alerted that representation is not a negative. It's good, in a sense, because it, well we proved it in the Comptroller's Office.

LIEUTENANT GOVERNOR RUTHERFORD: Well, and just, and just for your staff who was concerned about representation comparing it to the Governor, you know, our executive departments are represented.

COMPTROLLER FRANCHOT: Are they? Great. I thought that they left the Treasurer and the Governor's Office out, just did it for us.

LIEUTENANT GOVERNOR RUTHERFORD: Do you mean the office or our executive departments? DGS has representation, you know, represented by the unions. I met with them all the time.

COMPTROLLER FRANCHOT: Just, I'm sorry, just the Governor's Office.

LIEUTENANT GOVERNOR RUTHERFORD: Well, we rotate every four to eight years. So there's, you know, our folks can't necessarily say, hey, you can't let me go, but it's like every four to eight years, you know, we turn over. So --

COMPTROLLER FRANCHOT: Well, that's the same argument I made, but they imposed it on me. So --

LIEUTENANT GOVERNOR RUTHERFORD: No, I think it's you and maybe your immediate staff. But those other 900 people that work for you, you know, that's a different story. But okay.

MR. SMITH: And Governor, if I can state just for the record, first of all, you are correct and I want to thank both the Comptroller and the Treasurer for the meetings that we were able to have with them. I thought they were very fruitful meetings. Your points were well taken and we will live by those. You may recall me making the point that no one has a monopoly on caring about the employees at the Airport. Right? We care about the employees as MAA. We

know you care about them. The employers care about them. Our collective bargaining units care about them. And so we've just got to make sure that we're all doing everything we can to ensure that the employees at the Airport have the best experience as professionals and we're committed to doing that.

TREASURER KOPP: I understand, as we vote on this item, that in the RFP coming up, there will be provisions that we've discussed regarding LPAs?

MR. SMITH: So we are working with the Attorney General's office and a collective bargaining unit that I will not name in this forum to develop language that will be included in the RFP. Labor --

TREASURER KOPP: Thank you. We rely on you, Ricky. I do have to say, I am, I was impressed by the argument about the five years versus two years. I don't want to vote against this item. I disagree with that. But if there were some way that we could look out. I understand each case differs. But we want to do what we can help do to help all of the businesses, small businesses, at the Airport, while we recognize this system, which I didn't initially support, of using the intermediary of like Fraport and we can't get into the negotiations between Fraport and the present tenants, as I understand it, we still have a concern about small business in Maryland. So I hope, Mr. Secretary, Governor, Comptroller, we can all do something together to the extent possible to try to keep people in place, including the concerns that Mr. Giaimo indicated may be addressed in legislation.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I'm not sure that legislation is really appropriate. But you know, because we will always be dragged into contractor/subcontractor relations. You know. And as a person who used to be running DGS, Secretary Slater, that you are pulled into those items often and we don't have privity of contract. I know that there was some concern about the mall concept and the way of doing it. But I think no one can doubt that the Airport is much better now --

TREASURER KOPP: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- in terms of the customer experience. And you have local small businesses that weren't really there before, you know, that are operators there. That was not the case before. And I don't think, and it would be very challenging for, you know, the department itself to try to manage, you know, these, I don't know, how many hundreds of businesses that are operating there. So you know, the concept has worked. I understand the concerns and the challenges of Silver Diner. Everyone in the hospitality industry is struggling because of the pandemic and what is going on. The travel business is, you know, people aren't traveling and it's going to take some time, as we said, to come back.

Now I know there is some pent up demand. My wife talks about she just wants to go somewhere. And I think there are a lot of people. But it's still

going to be getting them onto the planes and going. I think like the experts are saying, it's going to take some time. So and Mr. Giaimo, I hope you have talked to our Commerce Department in terms of any assistance that can be provided. There may be some avenues. The most recent RELIEF Act that the Legislature passed has some assistance for small businesses that may be able to help, you know, bridge you through this period of time. And you know, there may be at least for your off Airport facilities, may be some support in our Housing and Community Development, some of the loan programs that they also operate that may be avenues to assist. But if there are any more questions on the Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Thank you, Mr. Secretary. General Services? The Department of General Services.

MR. CHURCHILL: Good afternoon. The Department of General Services, formerly headed by our own Lieutenant Governor. Good morning, good afternoon, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I am Ellington Churchill, Secretary for the Maryland Department of General Services. Today we are presenting 28 items, including one supplemental for your

consideration. We are withdrawing Items 6 and 7 and are available to stand for questions at this time.

LIEUTENANT GOVERNOR RUTHERFORD: I'm not going to belabor a whole bunch of stuff, because I could talk about, you know, a number of things. I do want to point out 4-CGL, Sis's Tavern in the Town of North Brentwood. I think it was, I don't know if we have Mayor Robinson here --

MR. CHURCHILL: You have Jacqueline Goodall, the Town Manager for North Brentwood --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, the Town -- okay.

MR. CHURCHILL: -- available to speak.

LIEUTENANT GOVERNOR RUTHERFORD: Ms. Goodall, are you there?

MS. GOODALL: There we go. I was trying to get there. Good morning, Board members, Lieutenant Governor Rutherford, and Comptroller Franchot, I haven't seen you in a while since I was the Mayor there in Forest Heights. But I'm here in North Brentwood and I'm coming on behalf of Mayor Robinson to ask that we be allowed to use the updated appraisal that we received in September that increased the value to \$375,000 from the 2013 appraisal, which was at \$72,000. I invite you to come as soon as we get finished. We are in the

home stretch. We are much further along than when you saw it, Lieutenant Governor Rutherford. But we do need to be able to use the updated appraisal to cover the match in our bond bill, I think it's GO 64.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. You're not, you don't need to convince me. I just wanted to point it out because I did see it when it was still just a vacant facility. You know, a reminder of the entertainment establishment that it was many years ago in a different era. And you know, support the vision that the Town has for that establishment. So I just wanted to thank you and point that out as a very worthwhile venture and something that will be very good for the Town of North Brentwood.

MS. GOODALL: Thank you so much. And there also will be an access to this whole community and the arts district.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Absolutely.

TREASURER KOPP: And I assume that the increased assessment is good news. I mean --

MS. GOODALL: It is. It is good news. Especially when that only showed it when we were 90 percent complete. And so now we have the electric in. We have the gas in. We're getting ready to finish the floors and finish the interior, and move to the design. So when all is said and done, the Town will have not only

a building that will be an increase to the properties that the Town owns, but also a very good example of restoring our history and keeping our history alive.

TREASURER KOPP: Congratulations to you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Mr. Secretary, I'm not, I just want to thank you. I'm not going to point out all of them. But a number of your contracts are being awarded to certified MBEs or small businesses, both A&E and construction contracts. And I really appreciate seeing that.

Can I turn to Item 12-IT? The NIC USA contract.

MR. CHURCHILL: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: This, there was an extension that was done, and this is I think the second extension on the NIC contract. There are a lot of challenges. I know the Treasurer has some concerns about it. A revenue contract. Now, the last time it came before, I think I was, I know I was sitting on the Board. And I had said that I wanted the Office of Procurement to take over the procurement and basically get it done. Now I envisioned that the, when I said that, that we would be coming back with a procurement on the table that's something that would be issued by Maryland and not developing a procurement as a cooperative agreement.

It's one thing -- and I do support cooperative agreements if they are already out there and they are on the shelf. In this case, they are not already out there. And so the movement has been to work with NASPO, National Association of Procurement Officers, to develop a national cooperative agreement. And there are benefits associated with entering into the national agreement. But they take too darn long. And you are going to have nine states or more that will have to agree on provisions, which would include some of the terms and conditions of the contract. They all have to agree on this. And the timeline of 12 to 18 months, which I think is probably short, and then some period of time for transition, we're looking two years away. I am not supportive of that concept.

I believe, and if they can't do it there's a problem, that within the next six months, and I would say nine months, that the State can and should issue a procurement and have it on the street and be evaluating within nine months. There was already an RFI done, which is great. And there was some 20 or more, I think it was 31, vendors that expressed interest. Now, they may not all express interest in Maryland doing this. But I would think we would get two or more that would be interested in bidding on ours and waiting for the national group to come up with their cooperative agreement.

So I am requesting that the Office of Procurement, you know, if they can do it parallel, they can, but I'm requesting they get a Maryland contract out and

on the street and be in the position of evaluating within the next nine months. And I don't see any reason why that can't happen.

COMPTROLLER FRANCHOT: I completely agree with the Lieutenant Governor, with the one addition. I hope that you can get an audit, which is what the Treasurer --

LIEUTENANT GOVERNOR RUTHERFORD: Now that's, that's the other issue, and I know the Treasurer still has --

COMPTROLLER FRANCHOT: Yes. Yes, please.

LIEUTENANT GOVERNOR RUTHERFORD: -- I'll leave that to the Treasurer --

COMPTROLLER FRANCHOT: Otherwise, I think it's a great suggestion. I'm not sure how to implement it, however.

LIEUTENANT GOVERNOR RUTHERFORD: The audit, that is?

COMPTROLLER FRANCHOT: No, not the, I know how to do the audit, and I know how to do the procurement. I'm just not sure how to go from where we are right now to where you articulated, Boyd. I think it's --

LIEUTENANT GOVERNOR RUTHERFORD: They can do it. I have trust in the procurement operation. They have already done this RFI, so they pretty much have an idea of what the scope can be. So I would imagine in the next three months they should be able to have the procurement and issue it on the street,

and then a period of time after that, maybe four months, to get it out on the street, some period after that to do some evaluation, and be in a position to make an award in six to nine months. Because some of the groundwork has already been done, and that's what I was expecting to take place six months ago.

I thought that now they would be coming back and saying we need a little more time because we are ready to issue the RFP or we are in the evaluation, one or the other. But they are fiddling around, and I'm just, is that an old term, too? Fiddling around with the national association and there are benefits to that. But it's when you take the procurement off the shelf that is already out there. You know, if our NIC contract met the requirements that everyone has for audit and we were in a new contract or whatever and it wasn't expiring, then we could be looking at a, you know, the exercise of putting together a national contract. But it's not there and Maryland can act quicker. I have faith in our procurement staff. I think the work has already started. They can get it done. Just get it done.

COMPTROLLER FRANCHOT: Madam Treasurer, you are the champion of this issue, God bless you and your staff. So whatever you and the Lieutenant Governor --

TREASURER KOPP: No, we just wanted an audit to know why we were paying what we were paying. I have just about given up on that, but I understand people are still saying they are working on it. But I would like to hear

the Secretary's response to what the Lieutenant Governor said. Because there is no doubt that when we last spoke about this, our vision was just as the Lieutenant Governor lays out. What happened and why shouldn't it go that way?

MR. CHURCHILL: Well, thank you all of course for the comments. There are many different issues that we have been trying to resolve over the last time that we discussed the NIC USA contract.

In terms of providing a Maryland centric procurement, of course, Governor, we can go back and look at that. Ultimately, there was the opportunity, and I'll just address the intergovernmental, there was the opportunity to be the lead state on this and in terms of putting procurement in Maryland, which we are looking of course to highlight and expose as one of the leaders in procurement across the United States, when the opportunity presented itself, we jumped on it.

Everything is a matter of resource allocation. This is not a small contract. This is a substantial contract. And when we look back over putting together other contracts of a similar size and importance to the State, they do take some time. But Governor, I certainly understand. You have been in this position as well. You know procurement and you know, yes, any and all things can be done, it's just a matter of what resources we really have at hand. And I'm not going to go down the rabbit hole concerning that. We can certainly talk offline.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I just, let me just back up a second. And that is the first part you said I think is what got, you guys saw stars, you know. Stars were in your eyes, an opportunity to, as you said --

MR. CHURCHILL: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- be a leader. We are not running for the leadership of America's procurement system. We are running for the leadership of Maryland's procurement system. Okay? So you know, others can worry about the national issues and what happens in Washington and what happens across the country. We worry about our small little State of Maryland. This has been an issue for several years now. You know, this is the second of the six-month, it was supposed to be a year, you know, and we broke it up to six months. So, and you know, and the Governor has been in these meetings. Between me and, you know, on these, we need to get this done. And I have faith. I have faith that you all have the resources to get it done. If it means pulling off of something else, then they pull off of something else. If we need to utilize some of the personnel over at Transportation, they have people that can help out. Bring them into it. Of course, working with the Treasurer's Office. It needs to get done. It needs to get done now. Nine months is the maximum. Let's get it done.

Somebody else used to say that, and I mentioned him earlier. Let's just get it done and get it done now.

COMPTROLLER FRANCHOT: And what about the audit?

TREASURER KOPP: William Donald Schaefer.

COMPTROLLER FRANCHOT: Audit.

TREASURER KOPP: That just sounds like William Donald Schaefer. Get it done --

COMPTROLLER FRANCHOT: Yeah, well, I'm not sure about that.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

COMPTROLLER FRANCHOT: But I do, I'm not going to vote for more extensions unless there is an audit or some proof that there is an audit underway. And you know, we'll deal with that whenever this comes back to us. I take it this is for six months? Or is it longer? This is a six-month extension. So --

LIEUTENANT GOVERNOR RUTHERFORD: I think this is a six-month extension.

COMPTROLLER FRANCHOT: -- you know. I would, and I'm supportive of six months, that when they come back in six months, they address these issues that the Treasurer has, as well as be able to report on where they are

with the new Maryland procurement. Where are you in six months with the new Maryland procurement?

MR. CHURCHILL: Well, thank you, yes. We will continue to keep the Board apprised of where we are and we can give a periodic update.

LIEUTENANT GOVERNOR RUTHERFORD: And secretly I would want an update. And you know, I may be asking your folks to come in or at least call every month on what is going on. Because I just, you guys didn't do what we asked you to do. And you know, I'm not going to diminish the Board's authority itself. But I look at it you didn't do what I asked you to do. Okay? So I go, you know, there is a different, there's the Board and the fact that you guys work for the Governor and myself.

MR. CHURCHILL: Governor, point taken. It falls on my shoulders and so I will let that stand.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: And in terms of the audit, just to go back to respond seriously to the Comptroller.

MR. CHURCHILL: Yes.

TREASURER KOPP: My understanding is that it is going forward. We're talking about a past audit.

MR. CHURCHILL: We're talking about a past audit and I believe we have briefed the Board on that. But I certainly could call the CPO or the Deputy CPO on the line, or we can just follow up with you --

TREASURER KOPP: You can just follow up. I think you have briefed our staffs. And it is this past audit is going forward. My concern, if we do this right, Mr. Secretary, then all the other states will want to copy us. So you can put yourself, put us on the map that way.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

COMPTROLLER FRANCHOT: Could I just ask the Secretary for a favor on DGS Item 20 before we get out of here? It's a very important issue for the City of Cumberland in Allegany County. Apparently we're in some kind of land transaction with CSX to make it happen and Secretary Churchill, I hate to add to your plate of obligations. But if you could somehow resolve the issue so that we, you get this done, it apparently concerns the Washington Street Bridge.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, there was a derailment up there in Allegany County that CSX appears has been dragging their feet in getting that --

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor. That's what I was trying to say. Anyway. If something could be resolved there,

that would be great. It's been going on for three years, I think. I have a network connection --

LIEUTENANT GOVERNOR RUTHERFORD: I can hear you. I hear you well.

MR. CHURCHILL: Yes.

COMPTROLLER FRANCHOT: Okay. Great. Oh okay. I just had a big warning. So I ignored it.

LIEUTENANT GOVERNOR RUTHERFORD: Someone was stealing your identity -- no.

COMPTROLLER FRANCHOT: Yeah, probably. Filing unemployment for me.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Okay. All right. Yeah, we'll look into that as well and see what's going on up there and why it's taking so long. I don't know what's, I had heard about that from one of the local council members, commission members, that it's a concern. So this is really a separate, you know, a separate issue and relates to the Howard Street Tunnel, and allowing that, which has a substantial impact on commerce coming through the Port and into the rest of the country, and all those, you know, truckers and Port employees who are working. So okay. Any other questions with regard to -- oh, I

have a question on 28. I just, I don't, I know we're getting late here, 28. It's the option, and that's with Conduent.

MR. CHURCHILL: Yes, 28, and we do have Webster Ye, Assistant Secretary for the Maryland Department of Health, as well as Queen Davis, Acting Director for the Office of Procurement available to answer your questions.

LIEUTENANT GOVERNOR RUTHERFORD: I just, my concern is that this extension goes through the end of May and so what happens? I mean, are we in the process of, are we on the street with a new procurement? What's going on?

MR. YE: Lieutenant Governor, Webster Ye on behalf of the Maryland Department of Health, Madam Treasurer, Mr. Comptroller. Good afternoon, I guess. To answer your question, sir, there are two contracts at issue. There is this contract, where we have the option for three months runs us through the end of May. And then there is a second contract, which is the DDI contract that's currently underway. And so to answer your question, we are in the midst of modifying the second contract to take care of some items that have come up and we anticipate going back to briefing the Board's staff, I think the meeting is set for mid-April. So basically this three-month extension buys us time to modify the second contract, get things squared away. We understand from Conduent that they, you know, they are working with us. They have a new leadership team. And

Secretaries Leahy and Schrader are working very much closely together with Conduent's leadership team directly. So the basic point is, we're trying to do everything we can to resolve things and move this along.

LIEUTENANT GOVERNOR RUTHERFORD: So you're kind of consolidating into a different contract that you already have in place? That's what it sounds like.

MR. YE: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: But, okay, well it's not quite a bid. We'll have to look at what that is. I don't know what that other contract is, and whether it's, is it for similar services? You know, is the scope pretty much the same? Maybe I should be asking that separately. But --

MR. YE: Sure, sir. I can give you as much information as you would like.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I think we'll be, and I think, I would think the Board would probably be interested in that. Because, you know, before you get too far in modifying them there may be some concern that it should be recompeted or a separate procurement. So that's, it just, yeah, if you can get some information I think to the Board before you have that April meeting, let's take a look at that.

MR. YE: Absolutely, sir. We'll give them a full briefing. We already briefed them about a week ago, and then we'll give them more information as we have it with the second contract, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you. It's all about competition, right, Mr. Comptroller?

COMPTROLLER FRANCHOT: Move approval on that one.

LIEUTENANT GOVERNOR RUTHERFORD: On the Agenda? Or just my comment?

COMPTROLLER FRANCHOT: Yes --

LIEUTENANT GOVERNOR RUTHERFORD: For approval of my comment. Do we have a second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. General Services, thank you. And it is about competition. And even when I started out talking about Housing and Community Development and the BRNI grants, even with the nonprofits, we need to have competition and we need to open it up to some of the less sophisticated, you know, in terms of outreach. Not to give money away to someone who is not going to be able to perform. But we need to give opportunities to more than just the well-heeled that are already there. So thank you all.

TREASURER KOPP: Well, I was very impressed by what you said. I couldn't agree more about it's not just a question of being well heeled, it's knowing the system, knowing --

LIEUTENANT GOVERNOR RUTHERFORD: They know the system.

TREASURER KOPP: -- the process, knowing where to go. And that's what we've got to really reach out and bring other people in and somehow connect them so that everyone, everyone knows the process.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: And yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. And I don't blame people for hiring the, you know, consultants and things of that nature. Everyone needs to make a dollar. But you know, not everyone has that ability to have someone who, you know, already knows the system. And it's something that we I think in government should be at least providing more information. And if you decide that you want someone else to write your grant for you or that, that's fine. But at least have the ability to, because some of these entities that are, you know, revolving around, and not the big guys that I particularly mentioned but there are some of the others that are getting a little bit smaller, they have been taught the system by somebody. And so in many cases, and I know a couple of them, I'm not

going to get into it, they had influence with a local official of some sort and they learned the process through that local official helping them through. Which was constituent service, so that was fine. But there are others who just don't get it. They didn't -- and I'm not saying they paid the local official. It's just constituent service and they learned the system. And others haven't had that ability. So that's the concern I have. So with that, thank you all. And I know we've gone over. It's not a record. So.

TREASURER KOPP: But we can try again next time.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I think the Comptroller doesn't want that. But thank you.

COMPTROLLER FRANCHOT: No, it's okay. Have a good day, everybody.

TREASURER KOPP: Thank you. Bye-bye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, bye.

(Whereupon, at 1:28 p.m., the meeting was concluded.)