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PRESENT

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HONORABLE PETER FRANCHOT

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Uh-oh, what was that?

SECRETARY GONTRUM: You should be good, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Technology, technology is here. We're getting more, closer and closer to a sense of normalcy. We have, like I said, an audience here. We have someone that looks like Bruce Bereano sitting in the front row.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: He's a little thinner that's why I don't know if that's him or not. The, most of the, if not all of the emergencies have ended effective this month. The State House Trust has opened up the State House, taken away the capacity limitation. Tours are back. I haven't seen the students come in yet, but I did see some, the docents walking through the building, leading people around in our historic State House. So that's good news. And it's thanks largely due to the response of our citizens here in Maryland in terms of taking care of themselves and their neighbors throughout this pandemic. And when vaccines became available, that they were able to get vaccines.

Currently over 70 percent -- 75 percent, excuse me -- of adults 18 and above have received at least one vaccine. Close to 69 percent of all

Marylanders, adults, are fully vaccinated in the State. And very good news, 92 percent, a little more than 92 percent of seniors have received at least one vaccine. Now, and seniors are considered 65 and above, and I know people who are 65 and 68 years old don't consider themselves seniors but they did when they were 30, they thought those folks were seniors.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So we're moving in a very good direction. But that doesn't mean the pandemic is over. We're still encouraging people to get vaccinated. We saw by recent numbers that came out just yesterday that unfortunately people are still losing their lives associated with COVID and in June, 100 percent of those individuals who did die from COVID had not been vaccinated. So it does work. The vaccines work. And we encourage, you know, as many people to do that as possible.

There are restrictions, federal restrictions, in terms of transportation, we have our Transportation Secretary here. So you still will be wearing masks when on airplanes or on public transit. But, and businesses have the right to require you to wear masks if that is what their preference is with their private property. But again, we're moving in the right direction. We're encouraging people to get the vaccines. They are safe, they are effective. And if you need information on where

to get a vaccine, you can go to coronavirus.maryland.gov, coronavirus.maryland.gov to find out, find a vaccine location near you.

Most of the pharmacies are providing it and there are no lines at the pharmacies. Many of the private doctors, primary care doctors, you can contact your local health department or the State Health Department, the vaccines are widely available at this point.

And as we continue to move the economy forward, the Governor announced last week Project Restore. It's a \$25 million economic recovery initiative through our Maryland Department of Housing and Community Development, and the program provides financial incentives for small businesses and commercial developers to revitalize vacant retail and commercial space. Again, vacant retail and commercial space. And businesses that are in these locations, and in particular if they are in Opportunity Zones, will be eligible for sales tax relief rebates that will be available over a course of two years. And so this is another effort to make sure that, you know, we are able to get businesses up and running and our economy going.

And part of the recovery, of course, is supporting individuals who have been impacted both short term and long term with regard to their mental and emotional health. There is data that has shown that in the prior year, I guess the '19 year, from '18 to '19, we saw overdose deaths go down for the first time in

many years, but it went up in 2020. And that's, it's not very surprising because due to isolation and anxiety associated with the COVID-19. And so we have recently announced, a couple of weeks ago I was in Baltimore County with the County Executive there. We announced what we call the Stop Overdose Strategy, or SOS, to intervene and try to use existing resources, partnering with our local governmental officials and health officials, to reach individuals before, identify people who may be at high risk of overdose and reach those individuals before they do overdose. And starting in August, the Opioid Operational Command Center will be holding regional town hall meetings similar to what we did several years ago when we first were launching these efforts to address the opioid issue in the State, to hear from our local partners and citizens in terms of what is working and what is not working and share that progress.

Before we get on with the regularly scheduled programming, we have a number of individuals that we want to recognize that are from two agencies. And the, you know, individuals, many of them have served, they have served in State government for over 50 years. And it kind of coincides with the two department's anniversary of 50 years, the Maryland Department of Transportation and the Maryland Transportation Authority were both formed on June 1, 1971. Many of us were children at that time. But there are individuals who were there during that period of time and, you know, this morning we want to recognize also

Governor Hughes there, who was the first Secretary of the Maryland Department of Transportation and served as the Secretary there until 1977 and of course became the 57th Governor of the State of Maryland in 1979, the year I actually graduated from college. And his portrait is right there with the striped tie and blue blazer and gray pants, which I think he wore almost all the time. And what was created was the Maryland Department of Transportation, or MDOT, which pulled together all of these different disparate agencies under one roof: roads and bridges and toll facilities, motor vehicles, the Baltimore Washington International Airport-Thurgood Marshall Airport. I don't know when, maybe someone knows when they changed the name from Friendship to BWI. But when I was very young, it was called Friendship Airport. And of course the Helen Delich Bentley Port of Baltimore was created or put under that one roof.

So now I'm going to call on Secretary Slater and the Department of Transportation to present him with this, we have a citation for, or proclamation, excuse me. Secretary? These big chairs are in the way.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: You don't want to come, do you want to come up and get a picture with --

TREASURER KOPP: 1973.

LIEUTENANT GOVERNOR RUTHERFORD: Seventy-three? Oh when it --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Oh, you remember it? All right.

TREASURER KOPP: Congratulations.

LIEUTENANT GOVERNOR RUTHERFORD: So it was after the --

TREASURER KOPP: Good company.

LIEUTENANT GOVERNOR RUTHERFORD: -- so it was after the department was created.

TREASURER KOPP: Yeah, and you know, that creation of a consolidated MDOT was one of the greatest financial moves that this State made, too, and was cited by rating agencies for years because it allowed us to bring all transportation together and funding for transportation together in a way that states with separate little fiefdoms cannot do.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: So I, Harry Hughes was the first Secretary, but he wasn't the person who created it, actually, it was under Governor Mandel --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah --

TREASURER KOPP: -- that it was created.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: The Comptroller knows all this well, because he chaired the Transportation Subcommittee --

COMPTROLLER FRANCHOT: I think Louis Goldstein was involved, also.

TREASURER KOPP: Yes, everything.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

COMPTROLLER FRANCHOT: Back in the day.

LIEUTENANT GOVERNOR RUTHERFORD: History, I love it.

COMPTROLLER FRANCHOT: My great predecessor. So anyway, yeah, that's great.

LIEUTENANT GOVERNOR RUTHERFORD: Well, and Secretary Slater, who also is the Chair of the Maryland Transportation Authority and that was also the authority which was created at the same time and we have a citation for the Executive Director, the great Jim Ports --

COMPTROLLER FRANCHOT: Oh --

(Laughter.)

TREASURER KOPP: Say that -

MR. PORTS: Oh, and it was Emmett Burns, Delegate Emmett Burns, who changed the name to Thurgood Marshall Airport.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

COMPTROLLER FRANCHOT: Yeah.

MR. PORTS: Yes. Yes.

COMPTROLLER FRANCHOT: I have some other stories about Mr. Ports.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I thought that your phone ringing was someone telling you not to --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- concerned about your political future there. Now I want to acknowledge a number of employees, five employees at the Department of Transportation, who have been part of the agency from its very beginning. And that would be Barbara Malloy, Wilson Wallace, Jr., Charles McCarty, and Joe Truiett. And I think I will call everyone up individually, their 50 years of invaluable service to the State of Maryland. And so we'll start with William "Bill" Caffrey -- oh, I'm sorry. Bill Caffrey could not be with us today. I forgot about that. Okay. Sorry about that.

So Barbara Malloy is celebrating 50 years. She celebrated on June 16th and has touched many people's lives over the last five years, or I'm sorry, five decades, five years of the five decades. Thank you very much.

COMPTROLLER FRANCHOT: She took care of me for many years --

MS. MALLOY: I've known him a long time.

COMPTROLLER FRANCHOT: Barb, congratulations.

MS. MALLOY: Thank you.

COMPTROLLER FRANCHOT: Very well deserved.

MS. MALLOY: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much.

MS. MALLOY: Thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, very good. I'm sorry, there is a child here.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Pre-child labor laws, I guess. Wilson Wallace, Jr. is celebrating 51 years of service at MTA. It was back in March. And he began his career in 1970 as a bus driver after serving

in Vietnam. And is currently, is Superintendent for Rail Car Maintenance at MTA Metro. And so thank you very much, sir, for your service.

MR. WALLACE: Thank you.

(Applause.)

MR. WALLACE: Okay. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, thank you.

And Charlie McCarty began his career with State Highway, 1965. He left to, when he was drafted into the Marine Corps in 1966, came back and served a time at DNR as well. And then went back to State Highway. Thank you, sir. Thank you very much for your service.

MR. MCCARTY: Thank you.

(Applause.)

COMPTROLLER FRANCHOT: Charlie, thank you. I'd like to give you that, too, a challenge coin.

MR. MCCARTY: Thank you, sir.

COMPTROLLER FRANCHOT: We were scared of you guys in the Marines.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Last but not least, Joe Truiett, who began his career with the Department of Transportation in 1965 in

the old Baltimore Transit Company. Fifty-five years of service to the State, 32 years as a bus operator. And as I understand it, your ID says number one --

MR. TRUIETT: That's right, yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- the first employee.

(Laughter.)

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

(Applause.)

TREASURER KOPP: That's just great.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. With that said, I'll turn it over to my colleagues for comments. Madam Treasurer?

TREASURER KOPP: Thank you, Governor. First of all, my congratulations again to the folks who have been here 50 years and more. Mr. Bereano and I have been here 50 years and more.

(Laughter.)

TREASURER KOPP: We recognize what it takes. And talking about someone who served here, I don't want this meeting to go by without recognizing the passing of an outstanding Maryland woman, Barbara Hoffman, former State Senator and always an active, smart, aggressive, and right person

dedicated particularly to the children and the families of this State. I don't think we would be in the good position we are with education funding and school construction without Barbara's leadership, both in the General Assembly and after she retired and kept fighting. So we, just a moment to appreciate that we had Barbara with us.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: I also think that we shouldn't let this last week without, go by without noting the tragedy in Miami. We're still, we're still uncovering the depths of the issue and the tragedy and the loss of lives, and also raising questions about not only construction and construction practices but the impact of climate change on our buildings, particularly those near the coasts, which are subject not only to the impacts of sea level rise and storm surge but also the saline water coming in and undermining concrete and all the other things that go into building along the coasts. And we in Maryland are beginning to focus on that as well. I know that the Secretary and the Department of Natural Resources and leading adaptation and resilience efforts of the State in the (indiscernible). I won't speak about this for hours, but we really do have to, when we go through this whole, through all the projects across the State, have to look at the impact of climate change. In this case, it was saline infusion. Perhaps in other cases what we call sunny day floods that just overwhelm our systems. The heat and the impact of heat

in the cities and on health. But the whole gamut of the impact on climate change was brought to our attention very dramatically in the last week. And I just want to say, I appreciate, to the Secretaries, I appreciate how these item descriptions that we vote on are more and more mentioning the relationship of climate change. But we have a long way to go before we integrate the climate change lens when we look at all the projects and items coming up before us. So I just want to note that for posterity. And with that, Governor, it's good to be with you, and the Comptroller. And Happy Summer. It's much nicer in here than out there.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor.

And good morning, everyone. Madam Treasurer, thank you for those comments. And Lieutenant Governor, thank you for those proclamations.

I hope everyone here had a safe and enjoyable and pleasant, relaxing holiday weekend. As I was about to step off at the Towson, among many parades that I happened to participate in, but there was the Towson 4th of July Parade on Saturday, I heard the great news that Baltimore City Circuit Court granted a temporary restraining order on the Governor's decision to end Maryland's participation in federal unemployment programs.

These programs have served as a critical lifeline for hundreds of thousands of struggling Marylanders who still find themselves unemployed frankly through no fault of their own. I was delighted that both the Court of Special Appeals and the Court of Appeals reaffirmed the Circuit Court's ruling, but was very dismayed to learn that the administration frankly is doubling down on its efforts and has notified the U.S. Labor Department of its intent to withdraw again from the programs on July 14th.

As I said in my letter to Governor Hogan yesterday afternoon, our economic recovery from this devastating pandemic is just beginning. And so many of our friends and neighbors continue to experience barriers to re-entry back into the workforce. We have hundreds of thousands of Marylanders, our friends, our neighbors, our family members, who rely on these federal unemployment programs to put food on the table and pay their rent. This is very important. They planned for these funds to last until September 6th, I believe, because that's what the federal government promised them. And here we are, the wealthiest state in the wealthiest country in the history of the world telling the most vulnerable among us and those struggling the most, no, we're going to pull the rug out from underneath you and we're not going to send this money. The money doesn't even come out of the State coffers. At a time when we're all focused at the federal, State, and local governments on getting our economy back on track, I cannot for the life of me

understand why the State of Maryland would say no thanks to over, it's well over \$1 billion in direct payments, but when you put in the multiplier effect you're talking about \$1.7 billion that's being pulled out of the Maryland economy because of this decision. I emphasize that again, it's just in six weeks, that's \$300 million approximately a week in economic activity. That's what we would lose if the Governor is successful in terminating these federal unemployment programs in Maryland.

So I sincerely hope that the administration reconsiders its decision. It certainly isn't too late. It would be absolutely damaging for the financial health of hundreds of thousands of Maryland families should this decision stand.

And Lieutenant Governor, if I could just end by addressing a different topic where we might have more unanimity of opinion. I was stunned when my staff informed me that on this agenda that we're about to consider we have 17, that's 1-7, 17 retroactive items before us today. Each one of these 17 retroactive items represents a violation of the State's procurement laws. I mean, seriously, how long are agencies going to operate as if there are no procurement laws and regulations in place? Who cares? We just have to go to the Board and repeat the same old refrain, over and over again, it's an emergency, it's for an emergency, the emergency used to exist, now it doesn't exist. But this is all illegal behavior under our Code. It's utterly disrespectful not only to the authority of this

Board, which clearly some departments apparently don't think is important, but more importantly to the taxpayers of Maryland that we continue to see these types of items being presented to the Board.

So I look forward to hearing the explanations for these 17 items from different departments today and I sincerely hope they have something better than, you know, it's an emergency. Thank you, Lieutenant Governor, and thank you for your work on procurement over the years. It's been very --

LIEUTENANT GOVERNOR RUTHERFORD: Well, see all my tabs?

COMPTROLLER FRANCHOT: Yeah --

LIEUTENANT GOVERNOR RUTHERFORD: There's probably 17-plus --

(Laughter.)

COMPTROLLER FRANCHOT: I'm going to defer to you. Yeah. But --

LIEUTENANT GOVERNOR RUTHERFORD: So there, and there's individuals who we specifically asked to be here because of the retroactive --

COMPTROLLER FRANCHOT: You have always been a stalwart on the need for reform in procurement. And the reason it is is because otherwise

we're just an incumbent vendor protection program, where the agencies bring in single bid contracts and say, don't worry about it, we're getting a good deal. Prove it to us. Give us some competition. And that is something you I think have always stood up for, Lieutenant Governor, and God bless you because it saves the State a lot of money.

TREASURER KOPP: Could I just go on the record in saying something that I don't usually? Which is I agree extremely strongly with all that the Comptroller has said.

(Laughter.)

COMPTROLLER FRANCHOT: Could I get a copy of that?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: The tape is there. You can always go back and watch that.

COMPTROLLER FRANCHOT: Thank you, Madam Treasurer.

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

SECRETARY GONTRUM: Good morning, Governor, Madam Treasurer, Mr. Comptroller. There are 24 items on the Secretary's Agenda this morning and 11 reports of emergency procurements. Item A11 is being withdrawn at the request of the agency. I'm happy to assist with answering any questions.

LIEUTENANT GOVERNOR RUTHERFORD: This isn't a question. I'm just really kind of drawing attention to the fact that in Item 19, razing and replacement of the Legislative Services Building. I just wanted to make sure that everyone is aware that we're going to have more construction out on Lawyers Mall. After getting it completed, rebuilding, this has some substantial challenges with regards to its foundation and the decision was made, and maybe -- Mr. Secretary, I believe it's being handled by the Stadium Authority. I won't go into my rant, and I'm sounding like the Comptroller here, but my rant about the Stadium Authority -- I will go into my rant about the Stadium Authority.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: It's that I do not feel that the Stadium Authority should be our go-to construction agency when they are exempted from the procurement rules. This is the way I felt when I was General Services Secretary. I think it's a way to get around the procurement rules. It's, you know, General Services is our construction agency. The Stadium Authority should be maintaining stadiums, not the special forces when you want to get something done quickly and you can kind of go around things.

Now I'm glad that their contract is here, the pre-construction contract is here. But they don't have the same restrictions that other agencies, and they serve as a general contractor on any type of thing that the Legislature and

sometimes the Governor wants to be done quickly. And I just don't think it's right. But that's, so I guess I'll never serve on the board of the Stadium Authority. But maybe someone will look into this at some point. But I just don't think it's the way to do it. But I was pointing out more so just for awareness that that building is going to come down. And --

TREASURER KOPP: Governor, could I, I had a number of just questions --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: -- but one of them was on Item 19. First of all, I do think we're very fortunate that the Stadium Authority is doing it because it's a building that does have to be built and it looks like they are going about it in exactly the right way. But --

LIEUTENANT GOVERNOR RUTHERFORD: I --

TREASURER KOPP: -- I do have a question --

LIEUTENANT GOVERNOR RUTHERFORD: -- DGS --

TREASURER KOPP: -- I have, I think --

LIEUTENANT GOVERNOR RUTHERFORD: He's smiling.

TREASURER KOPP: -- DGS needs more resources --

LIEUTENANT GOVERNOR RUTHERFORD: Well, that's true.

TREASURER KOPP: -- to do what it's doing.

LIEUTENANT GOVERNOR RUTHERFORD: Well we can take it away --

TREASURER KOPP: -- nothing against DGS at all. But I would ask, urge, that we get reports as time goes on from the Stadium Authority and the General Assembly, if that's appropriate, on what they are doing to assure that this building will be sustainable, will be adapted well to the next 40 to 50 years, which are going to bring a lot of changes. Not only that it's energy efficient, the item describes energy efficiency, but we're talking about something that is much deeper than energy efficiency. We're talking about whether it actually is sustainable. And people assure us that they are looking at everything, that we will get reports to see how it develops. I just hope we will keep on top of it, because it is a very important building.

SECRETARY GONTRUM: Madam Treasurer, Mr. Gary McGuigan from the Stadium Authority is available to address that point now or I'm sure he would be happy to be responsible --

TREASURER KOPP: Maybe he could do it very briefly. I don't want us to go down the road with this project without having a serious and transparent look at --

MR. MCGUIGAN: Good morning, Governor, Mr. Comptroller, and Madam Treasurer. Gary McGuigan with the Stadium Authority. Thank you for

your question, Madam Treasurer. Yes, we're still in the design process and, you know, this contract will help us during the design process, providing cost estimating and scheduling and such. In terms of sustainability and the carbon footprint, it is a complex project which is constrained. With the increased size of the building, basically the whole site is going to be taken up by the building. So we looked at geothermal, that kind of got ruled out because of the amount of space we have or don't have. And we've looked at solar, but that kind of fights with the green roof that we anticipate on putting on so it's something we will be looking into. I just wanted to kind of set expectations as to some of the difficulties that we have with the site and the program.

TREASURER KOPP: I understand that, Gary. I just think we should make clear to the public, to the General Assembly, to everybody as we go, step by step, that we have looked at all of the alternatives as we develop it.

COMPTROLLER FRANCHOT: Madam Treasurer? Gary, this is the Comptroller. You should go back and look at geothermal. And if you want to come to Silver Spring and see an enormous manufacturing and office building that was constructed using geothermal directly underneath the building, I'll be happy to show you. It's the United Therapeutics Building. And I hate to see geothermal dismissed simply because you didn't think about putting the geothermal devices

underneath your building. But please, if you could, reconsider that. Because it's eminently achievable and we have a real example of it in downtown Silver Spring.

LIEUTENANT GOVERNOR RUTHERFORD: And at UMES.

COMPTROLLER FRANCHOT: And at UMES?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: Yeah, so if you could reconsider geothermal, I'd be appreciative.

MR. MCGUIGAN: Well, yeah, definitely we'll take another look and I'd love to take you up on that offer, Mr. Comptroller, to go out there. That sounds great.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Which item was withdrawn? I --

SECRETARY GONTRUM: Item A11.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, A11. A6 is an emergency modification. I think it may be classified as a retroactive, reclassified. I saw it more as a modification to an emergency contract. But there was some discussion about this.

COMPTROLLER FRANCHOT: Yeah, I know. I have some discussion. But I'll --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, no go ahead.

I just --

COMPTROLLER FRANCHOT: Okay, good. This is Item A6. It is an emergency report from the Department of Health for a \$100 million modification and a one-year extension on a contract with Qualivis, I guess, LLC for clinical healthcare staffing services in response to the COVID-19 pandemic. According to my notes, the Board first approved this contract to the cost of \$6 million last July at the, right in the teeth of the COVID epidemic, and since then there have been five modifications to the contract, significantly increasing both the amount and the duration of the contract. The modification before us today represents a whopping 1,667 percent cost increase since we added \$30 million in additional funds last March.

It's my understanding that during the first year of this contract, a period of time when the impacts of the pandemic were unbelievably worse than what we could have expected, those increases only totaled \$46 million. Yet here we are today, roughly a week after the state of emergency for the COVID-19 pandemic has been lifted, being asked to approve a modification that more than doubles the total contract cost to date. If the department could just walk us through why this substantial cost increase is necessary at this time, as well as provide the total amount spent to date, I would be appreciative.

LIEUTENANT GOVERNOR RUTHERFORD: We have Secretary Schrader --

COMPTROLLER FRANCHOT: Oh, good.

MR. SCHRADER: Good morning, Lieutenant Governor, Comptroller, Treasurer. So the Qualivis contract --

LIEUTENANT GOVERNOR RUTHERFORD: Identify yourself, please.

MR. SCHRADER: Oh, excuse me. I'm Dennis Schrader, Secretary of Health. And the Qualivis contract has been our main contract for clinical staff since the beginning of the pandemic. It was, and they were originally called the Chesapeake Registry and we used that contract in coordination with the Maryland Hospital Association --

COMPTROLLER FRANCHOT: Where are they based, Mr. Secretary?

MR. SCHRADER: They -- I don't have that.

LIEUTENANT GOVERNOR RUTHERFORD: This thing says San Diego.

MR. SCHRADER: Yeah, they recently bought Chesapeake Registry in late December of last year. And that transition took about two or three, four months, through the early part of this year. During that period, we ramped up the

requirements for the mass vax sites and our intention was to come here back in March or April. But because they were in the novation period of that transfer, we obviously were running the mass vax sites and did over 1.2 million vaccinations through the spring and early summer. And only recently we've been able to complete the novation and bring the item back through a modification.

In addition, we will be continuing the pandemic operation over the next year because we're still going to be doing vaccinations, testing, surge PPE and equipment and contact tracing. And the National Guard will be withdrawing in August and FEMA will be withdrawing. So we are winding down many of the resources that we had. So we are anticipating the resource requirements as we design testing for schools in the fall and the continuation of vaccinations. We still have about 1.4 million people we want to reach. It's going to be a lot harder to get to them and it's going to be more community based. So we're going to need clinical staff to support us in those efforts.

To give you an idea of the numbers of people at the mass vax sites, for example M&T Bank Stadium, we had 150 clinical people per day on that operation throughout the spring and early summer since, and it's recently closing. The Mall of Columbia, 113. And there is a long list of other places. So we needed that surge staff. Clinical staff, of course, are in very high demand and we are competing with hospitals and other providers for those folks.

As part of the modification, we're trying to anticipate going forward and that this operation will continue into the spring and summer of next year. And so we decided that it might be prudent to bring all of that at one time at this point.

COMPTROLLER FRANCHOT: Okay. If I could just ask then, because this is \$100 million --

MR. SCHRADER: Yes, right.

COMPTROLLER FRANCHOT: -- on top of everything else. So -
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MR. SCHRADER: Right.

COMPTROLLER FRANCHOT: -- is that going to be used to retroactively pay for invoices from May and June?

MR. SCHRADER: That is correct. That's about \$38 million.

COMPTROLLER FRANCHOT: How much?

MR. SCHRADER: \$38 million. And that was to support the mass vax sites. We had already spent about \$46.5 million previously last year, as you noted, for all the operations that were going on last spring, summer, and winter. And then as we got into the mass vax, we got another \$38 million. Because the novation period, as I mentioned, took longer, we weren't able to consummate the mod and then bring it forward sooner. So my hope had been to have this here in March and April.

COMPTROLLER FRANCHOT: Well, whatever novation period means, it doesn't really make --

LIEUTENANT GOVERNOR RUTHERFORD: (Indiscernible).

COMPTROLLER FRANCHOT: -- a big difference to me -- excuse me.

LIEUTENANT GOVERNOR RUTHERFORD: I'm sorry that was --

TREASURER KOPP: He was explaining to you what novation period --

COMPTROLLER FRANCHOT: Yeah --

LIEUTENANT GOVERNOR RUTHERFORD: I was trying to remember from some law, contract law --

COMPTROLLER FRANCHOT: -- sounds like --

LIEUTENANT GOVERNOR RUTHERFORD: -- it's basically taking over another contract. The --

MR. SCHRADER: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: -- company, whatever the name of the company is, Qualivis or whatever they are called, when they bought Chesapeake --

MR. SCHRADER: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- they are taking over the contract. And so it's a process of, you know, basically, you know, entering into a new contractual relationship with whoever had the contract. There was still an obligation on the part of the former company to do work with us and they are taking over those responsibilities. And so sometimes they negotiate that a little differently than --

COMPTROLLER FRANCHOT: Well no, that's great --

TREASURER KOPP: -- apologize --

COMPTROLLER FRANCHOT: -- I thought it was something out of my church service --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: -- but that's okay. Here is the upshot. I mean, as you just spoke, we're in effect approving, or you're asking us to approve, \$100 million in additional money, \$38 million of which is going to be used for these unpaid bills for the last two months. So how is it that the department overspent by nearly \$40 million without realizing it and without informing the Board? It's my understanding that the Office of State Procurement was created so they could assist agencies like yours in managing these procurements. So what did you hear from the Office of Procurements? And what did you think yourselves as far as overspending a contract by \$38 million?

MR. SCHRADER: Well to be quite honest with you, I was more focused on saving lives at the time.

TREASURER KOPP: Don't --

COMPTROLLER FRANCHOT: That's an interesting thing, because really, that's what we've heard for a year and a half. And I appreciate what the administration has done. I'm not suggesting that was irrelevant. But it's not appropriate now to bring that up and say this is our get out of jail free card for all of these things that are occurring. And as I said, you're only one of 17. But this is a big chunk of money and it's, God bless whatever novation means, you could have informed us.

LIEUTENANT GOVERNOR RUTHERFORD: I guess I could have explained that better.

COMPTROLLER FRANCHOT: Yeah it's okay.

LIEUTENANT GOVERNOR RUTHERFORD: I guess I could have explained it better.

COMPTROLLER FRANCHOT: No, I understand there are probably legal things there. But anyway, what role did OSP have, if any, since that's the new State Office of Procurement? I mean --

MR. SCHRADER: Well --

COMPTROLLER FRANCHOT: -- did you consult with them on this?

MR. SCHRADER: -- we consult with OSP on every major procurement that we do and we partner with them. I think the challenge here was getting the legal work done in order to bring forward the mod while we were in the middle of trying to vaccinate all these people.

COMPTROLLER FRANCHOT: Why couldn't you just have presented it to us, not as an emergency report, but just as a standard contract modification? And gone through the normal process?

LIEUTENANT GOVERNOR RUTHERFORD: I don't know. Without having, you know, a contract lawyer here, and I don't know if Bob Gleason --

COMPTROLLER FRANCHOT: Okay. Well, I don't want to, let's not get bogged down in, yeah, I don't want to get him, you know, he's the Secretary of Health. He's not the Secretary of Procurement --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

COMPTROLLER FRANCHOT: -- obviously, it's just that we're using \$38 million of taxpayer money to pay unpaid bills. And those unpaid bills should be the only emergency report, if anything, that's before us. But we have an extra \$62 million put in as an emergency request. And don't you think that should

be pulled out and presented as a, just a contract modification now that novation has occurred, whatever that is?

LIEUTENANT GOVERNOR RUTHERFORD: I think that's what they originally presented it as, and Gabe felt it should be considered a retroactive modification. So I guess there could have been two parts and, you know, in two separate items, one being retroactive, one being the modification that, you know, brought as just two separate items.

COMPTROLLER FRANCHOT: Well, I would urge that we perhaps, if there's, depending on what my colleagues think, maybe we should defer this and get these two items separated, and come back with the unpaid bill one or let us approve that, perhaps, since we owe the money and probably have already paid it. But --

LIEUTENANT GOVERNOR RUTHERFORD: I think we have the authority to modify it.

COMPTROLLER FRANCHOT: Well then just --

LIEUTENANT GOVERNOR RUTHERFORD: We can approve the retroactive and ask that the proactive come back.

COMPTROLLER FRANCHOT: Excellent. Thank you. You took the words out of my mouth. I don't know what the Treasurer thinks of that --

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer?

SECRETARY GONTRUM: So --

LIEUTENANT GOVERNOR RUTHERFORD: What do you think, John?

SECRETARY GONTRUM: Since this is an emergency report, this is in the possession of the Board. This just submitted, the entire package of modifications was submitted as an emergency procurement action by the department. The State Procurement Advisor, who can join us if you'd like, Mr. Gabriel Gnall, did recommend that the report be altered to reflect the amount that has already been obligated, the State is already obligated to pay the vendor, and reflect a separate amount prospectively or proactively as listed on the item, how much the State, how much the department is requesting going forward. But it was always as an emergency report. Under COMAR 21.05.06.02, the Board has the authority to take any action it deems appropriate with respect to the emergency report. So the department absolutely could ask that the report be modified, remand the report and ask that it be modified and resubmitted to reflect only the retroactive amount and then have a separate item presented, if that is what the Board would like, as an appropriate motion.

Now this actually has already taken place. So that's an important thing to think about, is the posture of this procurement action. Whereas this is

already, this is being reported to the Board after the fact. So the report is within the possession of the Board and the Board can --

COMPTROLLER FRANCHOT: So what you are saying is we can remand it? And I would vote we remand it. You've already paid the money to this company and -- I assume.

LIEUTENANT GOVERNOR RUTHERFORD: -- that far. I think he started it by saying we could take any action that we deem appropriate.

SECRETARY GONTRUM: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: So we could --

COMPTROLLER FRANCHOT: I didn't quite get that. I thought that in order to separate out these two items, we have to remand it back and they have to bring it back to us. Is that what you are --

SECRETARY GONTRUM: If the Board wants to consider a motion to modify the emergency report to accept the retroactive amount as an emergency and have the rest of the report remanded back to the agency to submit at a later date, that would be an appropriate action. Mr. Secretary, were you going to say something with regards to whether the payment has already been made?

MR. SCHRADER: Well, the payments have not been made yet. So we were waiting to get that done. But I think whatever the Board, if the Board believes that's the right action to --

COMPTROLLER FRANCHOT: Why don't we just remand the whole thing and have him bring it back two weeks from now with the separation, part of it as an emergency procurement, retroactively paid, part of it, the 62 million is prospective and we have a contract modification.

SECRETARY GONTRUM: I would ask that the State's Procurement Advisor and/or general counsel join us at this time to discuss emergency procurements and why this action has already been taken, why the agency does not need to wait for the Board to take any action at this point to pay the vendor for services rendered.

MR. GNALL: Good morning, Governor, good morning, Madam Treasurer, Mr. Comptroller. For the record, Gabe Gnall, Procurement Advisor to the Board. Can you hear me?

SECRETARY GONTRUM: Yes.

MR. GNALL: Okay. I would just note along the lines of what Secretary Gontrum just noted, how this item could be split. This is a modification that has already been entered into by the Department of Health. So normally when an item is presented to the Board, it is waiting for the Board to approve the item before that agency can actually enter into that contract or modification. My understanding is that MDH has already entered into this agreement with the vendor. If that is the case, yes, it could be split into a retro portion, a retro item and a

proactive item. But if the agency has already signed that agreement with the vendor, then it would seem to be that they would need to sign a new agreement for the Board to approve if the item is brought later on --

COMPTROLLER FRANCHOT: -- I mean, I think that's what we want --

SECRETARY GONTRUM: That's a good point.

LIEUTENANT GOVERNOR RUTHERFORD: -- for them to sign it --

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: So are you saying they would have to sign a new agreement between Health and the vendor?

MR. GNALL: Well, right now as I understand it an agreement has already been made between the vendor, Qualivis, and the Department of Health. And that is --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. GNALL: -- already a signed, executed agreement. Now, if the Board wishes to have that agreement done away with and have a new agreement presented to the Board of Public Works for approval, that can be done --

LIEUTENANT GOVERNOR RUTHERFORD: I don't think that's what we were asking. I don't think that's what we were asking.

SECRETARY GONTRUM: Again, the Board can take whatever action it deems appropriate with respect to the emergency procurement under the Board's regulations. So the Board could take that action if it wanted to, to separate the two and --

COMPTROLLER FRANCHOT: Let me make this easy --

SECRETARY GONTRUM: -- approval before the --

COMPTROLLER FRANCHOT: -- let me make this easy, because we're getting lost in the details. I would like to defer this entire item for two weeks to sort it out. And if that could be done, I think it can be done without affecting the reputation of the State and retroactive payments ultimately. And I do think that none of us are opposed to this, other than the fact that an emergency procurement is being used for what should be a standard modification of an ongoing future contract. So I would just move to defer it and let our legal counsel and others who are perhaps on top of this --

LIEUTENANT GOVERNOR RUTHERFORD: So --

COMPTROLLER FRANCHOT: -- come back with two different items. One is the retroactive and one is the prospective. But the prospective is not an emergency procurement. It shouldn't be. We're not in a state of emergency right now.

MR. SCHRADER: The pandemic is still ongoing.

LIEUTENANT GOVERNOR RUTHERFORD: But we're not in a state of emergency.

MR. SCHRADER: The pandemic is ongoing.

COMPTROLLER FRANCHOT: So you're saying we are in a state of emergency?

MR. SCHRADER: No, we are at a different threshold of activity.

COMPTROLLER FRANCHOT: Oh, come on.

LIEUTENANT GOVERNOR RUTHERFORD: But we do have the authority to, I mean, there is the authority to declare an emergency, I mean, an emergency procurement that doesn't have to have a state of emergency. But I guess the question, where Gabe kind of confused me, we don't have to go to a new contract just to defer items. Correct? You mentioned something about a new contract between the Health Department and the vendor. We don't have to do that if you're just deferring an item. Either --

MR. GNALL: If I could --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. GNALL: Right, if I could clarify what I said. So the department has entered into a modification agreement with this vendor.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. GNALL: They have executed that modification agreement. Normally, with the Board's process of approving Agenda items as standard non-emergency items, the agency has not entered into that agreement until, does not enter into that agreement until after the Board approves it. Now, from what I'm understanding --

LIEUTENANT GOVERNOR RUTHERFORD: -- an emergency -

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COMPTROLLER FRANCHOT: Yeah.

MR. GNALL: -- so essentially the agency has entered into an emergency modification agreement already and as the emergency process, as you are well aware, it does not require Board approval. It's reported after the fact within 45 days after that agreement. Right now, MDH has a signed agreement with this vendor. And part of that agreement is to pay the retroactive portion and part of it is the proactive portion. It depends on what the Board's direction is, but if the Board's direction is to split this up into a retro emergency and a proactive modification for the Board to approve, again, that modification has already been signed, is the point I'm trying to make. It has already been entered into by MDH. If we wanted the Board to approve something, to actually put an approval on an item, then it would have to be an unsigned agreement.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's if it doesn't come back as an emergency?

MR. GNALL: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: It still could come back as an emergency procurement, but a proactive emergency procurement, or a modification, not a procurement.

MR. GNALL: Right.

LIEUTENANT GOVERNOR RUTHERFORD: It would be an emergency modification, or a modification to an emergency contract, the other being the retroactive \$38 million to be paid retroactively. So it appears to me that you could bring them both back as separate items, but one is still going to be an emergency modification to a contract if you are not re-signing the contract, correct?

MR. GNALL: Again, we would have to look at the actual documents to see what was included in the actual modification agreement. If it's one agreement and it includes both a retroactive portion --

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

MR. GNALL: -- and a proactive portion, then they need to be split.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Okay. If it's, okay, I see what you're saying.

TREASURER KOPP: For \$100 million.

LIEUTENANT GOVERNOR RUTHERFORD: Was it in, do you know if it was the same contract? The novation and then the new --

MR. SCHRADER: It's the same contractor --

LIEUTENANT GOVERNOR RUTHERFORD: So it's the past dollars in the modification that you entered that said we will pay the 38-plus, we're going to go forward --

MR. SCHRADER: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- not to exceed --

MR. SCHRADER: Not to exceed.

LIEUTENANT GOVERNOR RUTHERFORD: -- 62, okay. So --

MR. SCHRADER: -- right.

LIEUTENANT GOVERNOR RUTHERFORD: So it will come back as another retroactive emergency, it sounds like.

TREASURER KOPP: Yeah --

LIEUTENANT GOVERNOR RUTHERFORD: It doesn't make much difference if it comes back as the same thing.

COMPTROLLER FRANCHOT: So if you, if we could defer it, I would feel more comfortable.

TREASURER KOPP: Comptroller, I have no problem with deferring it. But it sounds to me as though the Secretary has signed a contract for

\$100 million with this company, partially to repay past actions and partially moving forward. This is one of the problems with the use of the emergency procurement device that we have been raising concerns about. I agree with the Comptroller. It shouldn't be coming to us this way. You should be able to get a procurement for this 60-whatever it is --

LIEUTENANT GOVERNOR RUTHERFORD: \$62 million.

TREASURER KOPP: -- \$62 million. But we've signed the contract. I mean, I'm not sure --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Yeah. I'm not sure --

TREASURER KOPP: -- I see the point --

COMPTROLLER FRANCHOT: Well --

TREASURER KOPP: -- we've been asking for ongoing reports every two weeks, Mr. Secretary, to stop using this device. And it's not a choice between reporting correctly or saving lives. We expect you to do both. And I know you can do both.

COMPTROLLER FRANCHOT: Well, I disagree a little bit, Madam Treasurer, because if we don't lay down some ground rules and stick to them then the agencies are going to where possible take advantage of this situation. And I think frankly that deferring it for two weeks is not going to mean the company is

getting a dime less. But it does restore a little bit of integrity to the system that this prospective \$62 million is not appropriate for an unexamined extension by whoever the administration is. Our party or the other party, it doesn't matter. But we should not get comfortable with this. So a deferral would at least, I'm happy to commit to vote for it if that's what you're concerned about. I'm happy to vote for it two weeks from now. But I really think we need to stick to our guns here a little bit. And I would urge a vote to defer and I'd love to get supported on that. I don't see a down side.

LIEUTENANT GOVERNOR RUTHERFORD: Is there a down side on a deferral?

MR. SCHRADER: Just the ongoing payments to the vendor.

LIEUTENANT GOVERNOR RUTHERFORD: And it's --

MR. SCHRADER: The 38, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- behind.

TREASURER KOPP: Two months and two weeks.

COMPTROLLER FRANCHOT: Yeah, but that two months behind is not without explanation. Somebody could have come and informed the Board of Public Works that we have now extended what you guys approved, or what was in the original emergency thing. And I'm sorry, but the state of emergency has ebbed

and flowed. And it's mostly ebbed fortunately. Now we're coming out of it. So I think we need to put a foot down.

LIEUTENANT GOVERNOR RUTHERFORD: Let me just say, when this comes to the Board, how many weeks in advance? This came to you, what, two weeks before it goes on the Agenda?

SECRETARY GONTRUM: We received this report on the 21st. Now there have been, there may have been changes that had to be made, additional information that was required before we published it. But yes, this was published on this meeting Agenda 12 days ago.

LIEUTENANT GOVERNOR RUTHERFORD: So it, okay, came on the 21st.

TREASURER KOPP: But let me just, I don't object to what the Comptroller is saying. I just think since he signed the contract already, I mean, if you think it makes a point, it makes a point --

COMPTROLLER FRANCHOT: I really think it does. Because, you know, these figures are changing. This thing and that, so I would feel comfortable if we could defer it.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: And I understand my colleagues -
- whatever.

LIEUTENANT GOVERNOR RUTHERFORD: -- whatever --

(Laughter.)

COMPTROLLER FRANCHOT: I mean, I understand --

LIEUTENANT GOVERNOR RUTHERFORD: -- well you know

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COMPTROLLER FRANCHOT: -- you know, but I don't think, I don't think there's any real --

LIEUTENANT GOVERNOR RUTHERFORD: -- I'll, do we have a, do we have a Board meeting in two weeks?

SECRETARY GONTRUM: Three weeks. The 28th is the next Board meeting.

COMPTROLLER FRANCHOT: Excellent.

LIEUTENANT GOVERNOR RUTHERFORD: Does that impact the vendor?

MR. SCHRADER: The operation is still going. We'll still be using people from the company to support our operations. But the thing I'm mainly worried about is the obligation for the payments.

LIEUTENANT GOVERNOR RUTHERFORD: The obligation, you said.

MR. SCHRADER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Well, I think it's pretty clear we're going to pay them. It's just going to be, the Comptroller won't write, cut a check until three weeks if that is going to be the case. So I'll move that we defer this item --

SECRETARY GONTRUM: The State's Procurement Advisor has rejoined us.

COMPTROLLER FRANCHOT: I would second that.

LIEUTENANT GOVERNOR RUTHERFORD: Gabe, did you have something?

MR. GNALL: I just wanted to add, I just want to reiterate that because the department has already entered into this agreement, they do not need to wait for Board approval to make payments to the vendor because --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MR. GNALL: -- there is already an agreement in place. So they don't need to wait until the report is submitted at a later date.

COMPTROLLER FRANCHOT: I would urge you to hold off until the next meeting. Seriously.

MR. SCHRADER: Hold off on payments?

COMPTROLLER FRANCHOT: Yes. And you know, obviously they are going to get paid. The State of Maryland is good for its word but --

LIEUTENANT GOVERNOR RUTHERFORD: Do they charge us, do they charge us for --

MR. SCHRADER: Well, we have a 30-day prompt payment requirement, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Are we already --

MR. SCHRADER: -- we have small businesses involved --

LIEUTENANT GOVERNOR RUTHERFORD: I'm not hearing --

MR. SCHRADER: Small businesses are involved.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, the subcontractors.

MR. SCHRADER: So there's a number of subs, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Are we beyond the 30 days now?

MR. SCHRADER: Well since May and June.

LIEUTENANT GOVERNOR RUTHERFORD: So we are beyond --

MR. SCHRADER: Many of them are Maryland based companies.

LIEUTENANT GOVERNOR RUTHERFORD: I'm sorry, Mr. Comptroller, I'm going to withdraw my bid to support the motion. I made the motion, but I'm going to withdraw it.

COMPTROLLER FRANCHOT: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: I, you know, submit a motion to approve this item. Do I have a second? No? Yes?

TREASURER KOPP: No, I think I would second it. I agree with the Comptroller. I think we all feel the same way. It's not the subs, and it's not even the vendor that we have the issue with.

LIEUTENANT GOVERNOR RUTHERFORD: No. No.

TREASURER KOPP: It's us. It's our own agencies. And we signed a contract to pay them. They are doing the work. But I think that this way you are proceeding, especially the \$62 million, is an abuse of the emergency system. And you can nod or whatever. But the Comptroller feels that there is no way to get your attention and get you to stop without deferring it. I have some greater faith and hope, more than hope, that that is not so.

LIEUTENANT GOVERNOR RUTHERFORD: I have to agree. I would hope now that the, you know, state of emergency as we're winding down, particularly the mass vax sites, which over the last several months they have been, you know, doing, you know, the primary work there, those we're all closing. I think we only have one mass vax site that is still in operation, that's the Six Flags location --

MR. SCHRADER: Six Flags.

LIEUTENANT GOVERNOR RUTHERFORD: -- that we're not going to do those types of things. But I'd also encourage, and I know we've talked about this before, and I see Mr. Gleason over there, Bob Gleason, Bob Gleason, I see Bob Gleason over there. And I know that we've talked about before, and I guess it's utilizing eMaryland Marketplace, which all procurements go into. I would gather that modifications go in there and if not, if nothing else, there is some, you know, tickler system or hopefully you can put it in or when contracts are expiring or something that says revenue or money is expiring so that we can catch some of these as we get out of the, you know, the state of emergency that we shouldn't see too many more of these emergency contracts pop up for, particularly for COVID related items.

TREASURER KOPP: Not ones like \$60 million going forward. I mean, I really think it's an abuse.

LIEUTENANT GOVERNOR RUTHERFORD: So --

COMPTROLLER FRANCHOT: Can I just say that in my humble opinion, hope is not a strategy right now. This has become an abuse of the emergency procurement system and it needs to stop. So I don't particularly feel obligated to move forward in some way right now. That's just more of the same. And I'm sorry, I'll just have to vote no on this if you are going to push forward.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. So we have, yeah, we'll separate this one out and we already have the second on the motion. And so we'll take a vote. I approve. And the Treasurer approves --

TREASURER KOPP: On that one item.

LIEUTENANT GOVERNOR RUTHERFORD: On this one item.

TREASURER KOPP: I have some more questions of the Secretary.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So --

COMPTROLLER FRANCHOT: I do too. I think I've got 17, or 16 now. But go ahead, Madam Treasurer.

TREASURER KOPP: No, you can go ahead.

COMPTROLLER FRANCHOT: No --

TREASURER KOPP: Well, there are a couple. These are very fast questions. Item 7, maybe there's another reimbursable, this is technical, reimbursable. Are these federal funds? And if not, why not?

MR. SCHRADER: I didn't hear the question --

LIEUTENANT GOVERNOR RUTHERFORD: On Item A7.

MR. SCHRADER: A7, right.

LIEUTENANT GOVERNOR RUTHERFORD: Reimbursable would be the temporary --

MR. SCHRADER: -- these are all federal funds for non-clinical staff. As the Guard winds down, we'll be using these people for logistical operations. There was a --

TREASURER KOPP: No, my only question was, it says reimbursable, it doesn't say federal. And I just wondered if it was federal funds. Just a simple question.

MR. SCHRADER: Yes, these are, my understanding is these are federal funds.

TREASURER KOPP: Why doesn't it say that?

LIEUTENANT GOVERNOR RUTHERFORD: I think it used to say CARES Act.

SECRETARY GONTRUM: My guess, Madam Treasurer, is that the reimbursable refers to reimbursable by the federal government. Is that correct?

MR. SCHRADER: Yes, we spend the money and the federal government would reimburse us.

TREASURER KOPP: I think, Mr. Secretary of the Board, that it should be clear when we're spending general funds, State funds, versus federal funds.

SECRETARY GONTRUM: We will absolutely on emergency reports going forward, Madam Treasurer, make sure that it's specified --

TREASURER KOPP: I'm not talking about emergency. Any time that it's federal funds it ought to say so. That was one of my questions. I assume that was true of 6 as well as 7?

MR. SCHRADER: Right.

TREASURER KOPP: Maybe some others, too. But I interrupted the Comptroller.

COMPTROLLER FRANCHOT: No, I'm delighted to be interrupted. You know, what really frosts me is this concept that we enter into a contract with a San Diego based company, give them the right to hire locally or not hire locally. Who knows who they have hired, their subcontractors, sub-vendors, etcetera. I mean, this whole concept of \$100 million grants to some, under some emergency, unreviewed basis, some out of state company to come into Maryland and basically spend the money. And I find it to be completely inadequate.

Item A8 I don't really have any super problem with the details. It's an emergency report from the Department of Health for door to door transportation to vaccination clinics in Maryland to support the State's COVID-19 vaccination goals. Why wouldn't that be fine? That's fine. Why do we need it as an emergency procurement? And why couldn't, you know -- if I could just ask a few questions? Obviously, we're all in favor of getting people vaccinated. But where does this fit

into the department's advertising and communication strategy? And what is the roll out of this particular --

MR. SCHRADER: We are already using this for our No Arm Left Behind program. We've got several hundred homebound people. We do surveys by phone trying to identify, because there are many people who can't get out of the house. And we did advertise this. We had a single bidder. So far we've got about 37 percent of the usage is in Baltimore City, about 20 percent in Baltimore County, Prince George's, Anne Arundel, Montgomery make up the bulk of the rest of it. But for people who are homebound, we use our call center. We identify them. They ask for a ride and we bring them to --

COMPTROLLER FRANCHOT: So this program has been in place for --

MR. SCHRADER: For a couple of months now.

COMPTROLLER FRANCHOT: How many ride shares have been provided?

MR. SCHRADER: Several hundred.

COMPTROLLER FRANCHOT: My understanding is only 100.

MR. SCHRADER: No, my understanding is it's more than that.

COMPTROLLER FRANCHOT: Anyway, it is, the problem here is what the Treasurer mentioned. It's an abuse of the procurement process on using

these emergency powers. And it has become unacceptable. And obviously I'm not going to vote against -- how much is this contract for?

MR. SCHRADER: \$1.8 million.

LIEUTENANT GOVERNOR RUTHERFORD: It says here --

COMPTROLLER FRANCHOT: Yeah, it's for \$2 million. Back in the day, \$2 million used to be a lot of money. Now it's like something I find under my cushion. So I'm not going to vote against this. But I have the same complaint. And it has infected apparently all of the agencies. And so just a call from the bowels of the Board of Public Works, this has become -- thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, \$1 million is optional so the option is there. But (indiscernible) that you find that under your --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- cushions.

COMPTROLLER FRANCHOT: I was talking about this cushion.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, oh. The State's cushions.

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: Comptroller, just to tell you that you are right. At least as A8, in the item description the department sent us said approximately 100 ride shares.

LIEUTENANT GOVERNOR RUTHERFORD: As of June 21st.

TREASURER KOPP: (Indiscernible).

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, that was an issue that was identified, you know, pretty early in the mass, opening the mass vax sites and even doing some community sites that the questions came up, what about the homebound? How do you reach those individuals? So okay. Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: What? Oh yeah, no, I have one thing. I'm the Vice Chair of the Board of Trustees of the big pension plan, and obviously at the table also is the Chair. But I wanted to draw attention to the fact that Monte Tarbox --

TREASURER KOPP: Item 16.

COMPTROLLER FRANCHOT: -- yeah, Item 16, has now been reappointed as public advisor to the Maryland State Retirement and Pension Systems investment committee and Monte has nearly three decades of experience as an investment officer. He is an indispensable advisor, in my view, to the committee. His expertise in the industry combined with his commitment to public service has profoundly benefitted the more than 400,000 members of the State's pension system. And it's with great pleasure that I support Monte's reappointment and defer to the Chair of the Board of Trustees, the Treasurer.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: I'm sure she --

TREASURER KOPP: I just want to echo what the Vice Chairman of the Board said, that we're very fortunate to have the talent of Monte Tarbox working with us, solely voluntary basis, but working hard and participating fully and I just want to publicly thank him for continuing his service.

COMPTROLLER FRANCHOT: That's Item 16.

TREASURER KOPP: Item 16. I have one more question, very brief, on Item 4, the Historic Annapolis Foundation. This is -- but there is a paragraph here at the bottom about Governor Hogan's intent for the funds in the upcoming budget bill -- I've never seen this --

SECRETARY GONTRUM: This language was included, Madam Treasurer, at the request of the Department of Budget and Management. There was a desire to have the amount that the administration intends to include in next year's upcoming budget as a deficiency appropriation into the Board of Public Works budget to increase the size of this grant as opposed to having it -- the administration requested that it be stated on the item.

TREASURER KOPP: Well, could I just say I don't think it should be stated on the item.

SECRETARY GONTRUM: Absolutely.

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TREASURER KOPP: Because we don't know what's going to happen between now and January. And I'm sure that the Governor, like all governors, has intents about a lot of things. But to write it down on the Board of Public Works Agenda here seems to me inappropriate.

SECRETARY GONTRUM: Understood, Madam Treasurer. We will in the future rebuff such a request from the Department of Budget and Management. We tried to craft the language in a way that reflected the not finalized nature of the intention by using the word intent --

TREASURER KOPP: I see what you've done and I appreciate it --

SECRETARY GONTRUM: -- and the Board of Public Works. Understood. And again --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I think you make a very good point.

SECRETARY GONTRUM: -- Department of Budget and Management --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I think she makes a very good point, even though the Governor is my buddy. But you know, I'm not running for anything. I can say whatever I want.

(Laughter.)

COMPTROLLER FRANCHOT: Yes. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: No, I think it's good. I mean, I intend to perfect my Spanish when I leave office. So --

TREASURER KOPP: I intend to do a lot of things.

LIEUTENANT GOVERNOR RUTHERFORD: -- we'll see if that works. So yeah, I think it's probably best not to include those kinds of things. Because we know that things can change, priorities can change. Heaven forbid that the pandemic continues. So okay. Any other questions on the Secretary's Agenda? We've separated A6. That has already been voted on.

COMPTROLLER FRANCHOT: So move approval --

LIEUTENANT GOVERNOR RUTHERFORD: For the remainder?

COMPTROLLER FRANCHOT: --- for the remainder.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. We're all in favor. Thank you. Department of Natural Resources? Well, we have a lot of questions for you.

MS. HADDAWAY-RICCIO: Uh-oh. Well, good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Jeannie Haddaway-Riccio, Secretary of the Maryland Department of Natural Resources. I wanted to quickly note the passing of Sarah Taylor-Rogers, former Secretary of our department who just has absolutely dedicated her life's work to conservation in

Maryland. And we will all benefit for many years to come from her life's work. And with that, we have 12 items on our Real Property Agenda today for which we are seeking approval. And we're happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: It was unsurprising that a lot of our parks were filled this weekend, this past weekend. It was a holiday weekend. I think Sandy Point always is filled, so that wasn't surprising. But people were taking advantage of our parks and open space. One of the things that we've been thinking about in my office is to highlight some of the parks that are not quite as popular that people probably just don't realize is right next door to them or just a little bit further. So we may be doing that in the coming weeks as I continue. I'm up to 50 parks, I believe it is. No, I think we went above 50 the other day.

MS. HADDAWAY-RICCIO: Fifty-one.

LIEUTENANT GOVERNOR RUTHERFORD: Fifty-one? Over?

MS. HADDAWAY-RICCIO: Fifty-one.

COMPTROLLER FRANCHOT: Yeah, I'd like to say, maybe I could go to one also down the road. But I understand that our Spanish speaking citizens --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: -- citizens and residents heavily use the --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: -- facilities. And how great that is.

LIEUTENANT GOVERNOR RUTHERFORD: They are family friendly --

COMPTROLLER FRANCHOT: How great that is. And it dovetails with your language --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. They are very family friendly.

COMPTROLLER FRANCHOT: -- your language ambitions.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, see?

COMPTROLLER FRANCHOT: Yeah, I look forward to --

LIEUTENANT GOVERNOR RUTHERFORD: Well we went to, I'm trying to remember the park we went to, and it was Eco Latinos that was --

MS. HADDAWAY-RICCIO: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- they have a park plan, a plan to, you know, work with the, you know, Hispanic and Latino community and basically treasuring the park and utilizing the park's resources. And the same with the African American park group that was there at that time in

the park we were in together. It was in Montgomery County, I don't remember which one it was. But we were there. So. Any questions on --

TREASURER KOPP: Madam Secretary, very quickly, 11A, the Cove Road Beach property. Just out of curiosity, why did Wicomico County get a FEMA grant for this?

MS. HADDAWAY-RICCIO: So I will defer to Marilyn Williams and Steve Miller from Wicomico County, who can provide some additional background on the connection there.

TREASURER KOPP: If they are here. Otherwise, after the fact is fine. I mean, I support the project. I just was curious about FEMA.

LIEUTENANT GOVERNOR RUTHERFORD: Are they available?

MR. MILLER: This is Steve Miller, Director of Wicomico County Recreation and Parks. Good morning.

TREASURER KOPP: Good morning.

MR. MILLER: Good morning. I believe the question was in regards to FEMA, is that correct?

TREASURER KOPP: Yes.

MR. MILLER: Yes, so I'll defer to Marilyn, if she is available. She is more of an expert on that subject. But my understanding is that FEMA viewed the property as a repetitive loss property, that there was some flooding there and

that the previous dwellings on the site posed an environmental, a potential environmental hazard.

MS. WILLIAMS: I'm sorry, I missed the question.

TREASURER KOPP: I was just curious about FEMA, the FEMA contribution, what the basis of the FEMA contribution was.

MS. WILLIAMS: Okay. That's for acquisition of property that poses, that is under threat from flooding.

TREASURER KOPP: Mm-hmm.

MS. WILLIAMS: So FEMA really likes the acquisition grants because that is going, the homes will be demolished. There can never be a structure on that property again. And so, the risk of having damage from flooding is gone with these acquisition grants that FEMA gives out.

TREASURER KOPP: Is there an acronym for that? I mean, this is not the BRIC or BRAC or whatever?

MS. WILLIAMS: As far as the grant program?

TREASURER KOPP: Yes.

MS. WILLIAMS: It is under the, I think it's called -- let me see. It's PDM-C.

TREASURER KOPP: Right --

MS. WILLIAMS: But it's their annual grant program for mitigation, it's their mitigation grants.

TREASURER KOPP: Great. Thank you. Well, it sounds like something we should look into and use. Thank you. I was just curious.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Secretary, is there any discussion, I guess or maybe the county, to work on sustainable shoreline efforts in this particular location? I know that --

MS. HADDAWAY-RICCIO: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- there are other places that that is being done.

MS. HADDAWAY-RICCIO: Yes, sir. There is. Adjacent to this property that we are discussing today, there is a shoreline erosion project that was funded by our Chesapeake and Coastal Services Unit at DNR. It's a 260-linear foot restoration that will include planting of marsh grasses. And I certainly invite the county to add any additional detail that I may have missed. But all of these things will work together --

LIEUTENANT GOVERNOR RUTHERFORD: Very good.

MS. HADDAWAY-RICCIO: -- to protect this area.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: Could I also ask you, Madam Secretary, about 12A, the timber sale? Because actually someone asked me. How does, are we looking at the timber sales at the same time we're looking at planting how many million trees we pledged to plant? We look at all these things together, right?

MS. HADDAWAY-RICCIO: We do. We look at all of these things very holistically. And you know, I will just point out that we have a real biodiversity problem in Maryland. We don't have enough new and successional forests to support many rare and endangered and threatened species that we need to support. So we do take a look at the various benefits, both economic and environmental that we get. And in fact, this is a variable retention harvest. So they will specifically look at this project and discuss which areas to harvest and which areas to reserve.

TREASURER KOPP: Thank you. I know to whom to direct the questions now. Thank you, Madam Secretary.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions for the Department of Natural Resources?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. I told you we had a lot of questions. Thank you. University System?

MS. MOSS: Good morning, Governor, Mr. Comptroller, Madam Treasurer. Elizabeth Moss appearing on behalf of the University System of Maryland. We have four Agenda items before you today.

COMPTROLLER FRANCHOT: Lieutenant Governor, could I just mention that, Elizabeth, thank you for being here. I understand Tom Hickey is on vacation. But obviously, you work in the System and but I wanted to just note for the record that you were the staff person assigned to the House Appropriations Subcommittee that I chaired and I just wanted to thank you for putting up with me many, many years ago. And I don't have any questions, but I wanted to acknowledge that you and I, our paths crossed back in the Legislature. Thank you.

MS. MOSS: That's correct. Sure. Thank you, Mr. Comptroller. It has been quite a while, I won't mention how many years for either of us.

COMPTROLLER FRANCHOT: You can say I did a good job. No, I'm kidding. Don't say it. Don't even begin that. But thank you for your legislative oversight back then.

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any questions. Any questions for the University System Agenda?

COMPTROLLER FRANCHOT: I would move approval if the Treasurer --

TREASURER KOPP: Second. Great Towson, great Towson project.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much, Elizabeth.

MS. MOSS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Transportation?

MR. SLATER: Good morning, Madam Treasurer, Governor, and Comptroller. For the record, this is Greg Slater, Secretary of the Maryland Department of Transportation. The Maryland Department of Transportation has 18 items for your consideration today. I do want to take a moment and thank you again for recognizing MDOT's 50th anniversary, as well as some of our long serving employees. They are very much our family. I had an opportunity yesterday to facilitate a panel of former secretaries and we invited them all back and seven of them were able to join us. And you know, unfortunately Bill Hellmann had to cancel at the last minute. He was the Secretary when I was in high school. And we went down and talked to Jim Lighthizer talked about negotiating with Herb Kelleher at Southwest and opening or breaking ground on the Light Rail. And Secretary Winstead talked about the international terminals and opening the Light Rail. And then Secretary Porcari with negotiating the Woodrow Wilson Bridge and

going on to USDOT and seeing how great MDOT was compared to all the other modes across the country. And of course, Secretary Flanagan with the ICC and opening the Woodrow Wilson. So everything kind of leads to each other. But it was really kind of a fun conversation to be a part of.

COMPTROLLER FRANCHOT: Was that recorded?

MR. SLATER: It is and we have it videoed. So --

COMPTROLLER FRANCHOT: Excellent.

MR. SLATER: -- we're going to be putting that out.

TREASURER KOPP: YouTube?

LIEUTENANT GOVERNOR RUTHERFORD: YouTube?

MR. SLATER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So those transportation government geeks, something to watch. MTA has a number of retroactives that we probably should talk about. And I know that you have Mr. Zimmerman here to help us understand some of that.

MR. SLATER: We do. We have a number of them. I believe there are three retros on our Agenda, and then one or two on Secretary Churchill's Agenda. We've been working with Mr. Zimmerman over at MTA to try and pull them out and make sure that they are shining some light on them. So --

LIEUTENANT GOVERNOR RUTHERFORD: Any specific questions? I mean, Skyline Technology, 8-C. I know, I believe 9-GM is also retroactive. 10-M-MOD --

TREASURER KOPP: -- it looks like they were all either retroactive, sole source, or emergency.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. SLATER: Many of them were sole source preferred provider. We did have a couple of instances where it seemed there was just a little bit of oversight on the contract and services continued and the project manager and we had to make some corrective actions on those.

LIEUTENANT GOVERNOR RUTHERFORD: Let me ask specifically on 10-M-MOD. This is a preferred provider with Alliance. And I was a little concerned, let me see, or is this the same one? You know, just why wasn't it brought earlier? So just that and there was another one, but it's not, again, I guess the concern that had been expressed earlier in terms of the retroactive. And maybe, Mr. Zimmerman, you can explain why there are so many retroactives? And then I have a question on 15-M, which is not retroactive. But that gets more to the point I was going to raise.

MR. ZIMMERMAN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Mike Zimmerman, Maryland Department of

Transportation. So we've had a number of retros. We sort of gathered them to bring them all at one time.

LIEUTENANT GOVERNOR RUTHERFORD: Just ripping the Band-Aid off?

MR. ZIMMERMAN: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Any explanation with regard to, you know, the challenge here that created this situation?

MR. ZIMMERMAN: As I believe Secretary Slater had started to say, much of this has been sort of contract management issues. We've done a number of things recently to try to address that at MDOT, one of them being we started a new contract management training class within my office. It's a class that we hold every two weeks. It's 40 hours. It's open to all the MDOT employees. And to date, most of the retros that you see here are MTA. The MTA has actually put 40 of their staff through this training already. We have, our classes are full through the end of this year. And the MTA has a number of people registered for those classes between now and December as well. We also have as part of this new office dashboard, it's a procurement data dashboard, it's a contract management dashboard for the contract managers that we have just begun to roll out. And we demoed it to the administrators early this, late this winter, early this spring. We're starting to roll that out now to the procurement offices because we found that there

is value in having the procurement office see the data that's there all wrapped around the contract so that they can actually work with the internal customers that have notified them when contracts are going to expire.

LIEUTENANT GOVERNOR RUTHERFORD: Now I know that there was, we talked about the contract management module that you put in place, or were putting in place I think almost a year ago, if not -- time is, 2020 is throwing everyone off so the timing is gone. It was, I know there was some conversations with Bob Gleason and you know, because one of their future modules for the eMMA system is to have contract management. I don't know how that discussion has taken place. So it's kind of two part. The other is then can non-transportation procurement officials go to your contract management class?

MR. ZIMMERMAN: Can non-transportation people? Right now, what we would like to do is get through --

LIEUTENANT GOVERNOR RUTHERFORD: Get through your transportation --

MR. ZIMMERMAN: -- absolutely, we'd be more than happy to open it up to other agencies. But we do have a significant backlog. As I said, our classes are full --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. ZIMMERMAN: -- through December already and we have a class every other week.

LIEUTENANT GOVERNOR RUTHERFORD: Now but in terms of the system, I don't know, Bob, if there has been conversations. Because these types of systems can address some of the things that we were talking about with the Health Department and we'll get to with Human Services, with their retroactive contracts that sometimes pop up.

MR. ZIMMERMAN: This is going to be a little different than what I believe that Bob would put into eMMA, in that what we are doing with this system is actually taking data out of the current FMIS system and we've --

LIEUTENANT GOVERNOR RUTHERFORD: -- FMIS so you have a different --

MR. ZIMMERMAN: Yes. And we're benchmarking specific contract management initiatives, so volume and velocity type of objects so that the contract manager, who is actually out in the field, will be able to utilize the tool to actually manage their internal contracts, their individual contracts. And it will allow the administrators and Secretary Slater to have a view of their either the BU or for Secretary Slater across the agency. We are benchmarking contracts that are red, they are either running out of money or running out of time or the burn rate is too fast. It is those types of contract management issues.

LIEUTENANT GOVERNOR RUTHERFORD: Well that's, that's what we need to implement --

MR. SLATER: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- throughout government. Now, you all are the largest procurement entity and, you know, another pet peeve of mine is we don't see your road and bridges contracts, other than the engineering. And now I look over at Mr. Ports. We don't see the, you know, the asphalt contracts. We just see the engineering side of it. But we don't see all the stuff that goes on, which is another issue that maybe I can advocate to the Legislature. I heard a gasp from somebody.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Was that Jim --

(Laughter.)

MR. SLATER: And we also very closely track on those construction contracts the prices that we get --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. SLATER: -- compared to our engineer's estimates graphed with the number of bids that we get. So we can very clearly see how that tracks. And when we get one or two bidders, where that price comes in compared to when

we're really out there kind of pushing for multiple bidders. It's really, really good data.

LIEUTENANT GOVERNOR RUTHERFORD: Does that go out on eMaryland Marketplace? Do those contracts go out --

MR. SLATER: They do, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. SLATER: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Well, that's just another -- before I turn it over to the Comptroller and the Treasurer, who probably have questions on the same item, I just want to mention two, when I was mentioning 10, there is just a typo. When it mentions Light Rail, the light right vehicles on the second page of this. So if you can correct that for the record. And I don't think, Mr. Zimmerman, I don't know if this is yours, but 15-M is a State Highway maintenance contract. This is with a preferred provider, Goodwill Industries. The concern I have with this one, it says that the contract for facilities management includes plumbing, electrical, and garage door repair. My understanding, so this contractor Goodwill would have to subcontract for these services, because they are not able to do this type of work. And I just, to me then you are making the preferred provider a prime contractor, which I don't think that that's the intent of having these, you know, sheltered workshops.

MR. SLATER: This is one of our performance based asset management type contracts. So what we do is, we build in certain performance specs to the facilities and then most of that work is preventative maintenance type work. And so if it becomes a more extensive type of electrical or plumbing, we would bid that out separately outside of this. So it's basically we build a performance spec for our facility, they do the maintenance activities to make sure things are being preventatively maintained and keeping the state of good repair, and then they kind of hand it back to us. So if it becomes more extensive, then that, we do bid that out. But I do --

LIEUTENANT GOVERNOR RUTHERFORD: They are not actually doing, because it says inclusive of all plumbing and electrical systems --

MR. SLATER: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Because that, you know, my understanding is that's not what they are capable of doing. And so my concern was that you have a supervisor, able-bodied supervisor because the preferred providers have, you know, the able-bodied supervising, you know, we have made a decision as taxpayers that we want to work with, you know, these sheltered industries. But if they are then subcontracting, then it kind of gets away from that point and then they become a prime contractor, in a sense a general contractor. And that's just not how it's supposed to work. Okay. Maybe the

description could just be a little better in terms of how that's done. Why don't we turn it over to you, Treasurer and Comptroller?

TREASURER KOPP: Just very briefly --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: -- the MAA maintenance contract. There was a problem with the Small Business Reserve, using Small Business Reserve. Could you just explain what the issue and the process was?

MR. SLATER: I'm going to have to get back to you on that one --

LIEUTENANT GOVERNOR RUTHERFORD: It was a lack of competition --

TREASURER KOPP: It was potential competition.

LIEUTENANT GOVERNOR RUTHERFORD: Potential, yeah.

TREASURER KOPP: I mean, I just don't understand exactly what the process --

MR. SLATER: Let me see if Executive Director Ricky Smith is on the line to talk a little bit about the competition piece on the Small Business Reserve. Item 6-M, Ricky.

TREASURER KOPP: You can get back with it. I mean, you need the maintenance contract.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: But I really would like to know what the problem was and how we could address it without just --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: -- walking away --

LIEUTENANT GOVERNOR RUTHERFORD: Right. Now, that's a very good point.

SECRETARY GONTRUM: You are muted, Mr. Administrator.

MR. SMITH: Good morning. This is Ricky Smith, Executive Director of the Maryland Aviation Administration. Can you hear me? (indiscernible) - Again, she is our Chief Procurement Officer. She can weigh in and provide that information.

LIEUTENANT GOVERNOR RUTHERFORD: Are you there?

MR. SLATER: Linda, are you there?

MR. SMITH: I know she's around because we were just texting. She is probably trying to get in.

LIEUTENANT GOVERNOR RUTHERFORD: -- blame the audio and video.

MR. SMITH: Madam Treasurer, if not I can take a better shot --

SECRETARY GONTRUM: Ms. Dangerfield is connecting now.

TREASURER KOPP: I really don't want to hold --

LIEUTENANT GOVERNOR RUTHERFORD: No, the question had to do with what --

MS. DANGERFIELD: Good morning. I believe I am unmuted now. This is --

TREASURER KOPP: Good morning.

MS. DANGERFIELD: I can't hear.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, you're not hearing?

MS. DANGERFIELD: Okay, so, good morning. Now I can hear you, thank you. Okay. So the process for this particular procurement was that we actually delegated as a Small Business Reserve in accordance with the executive order. During that process we reached out to everyone that we directly solicited to see if they were going to bid on the procurement, since it was an SBR procurement, to make sure that we had competition and didn't end up with one response. During that process, we were not receiving any feedback. The feedback from the other vendors was stating that they were interested in bidding, but they were not a small business so they could not bid. So in order for us not to receive one single bid, we removed the delegation. We actually sent that requirement paperwork down to GOSMWBA, letting them know that the delegation was being removed. And since it was removed we received competition.

TREASURER KOPP: Okay. I get that. That's what you said here, although it was the potential competition. I wondered if it was that you never went to the competition stage, actually. But you did.

LIEUTENANT GOVERNOR RUTHERFORD: Well, they did not. They surveyed --

MR. SLATER: Surveyed.

LIEUTENANT GOVERNOR RUTHERFORD: -- surveyed to see who would bid on it. So they did not actually put out a procurement under the program.

MS. DANGERFIELD: No. That's, I'm sorry, that's not correct. That's incorrect. We did advertise this as a Small Business Reserve.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MS. DANGERFIELD: Yes, we absolutely did. Before the bid due date, we always reach out to make sure we receive competition so we don't receive a single bid. That allows us to remove the delegation of SBR reserve --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MS. DANGERFIELD: -- and open it up to the public. So that's what we did then. We actually did put it out for --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. DANGERFIELD: -- small business.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you for clarifying.

TREASURER KOPP: Okay.

MS. DANGERFIELD: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Did that one small business actually bid on it anyway?

MS. DANGERFIELD: They did not. They did not bid. None of the small businesses bid on this, they were all regular bidders. No small businesses bid.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. No one in the Small Business Reserve, okay.

TREASURER KOPP: All right, that --

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: -- thank you.

MS. DANGERFIELD: You're welcome.

TREASURER KOPP: And could I just ask the Secretary or Ricky, just very high level, the discussions going on about infrastructure funding in Washington, would that be funding that would be of help to our airport as well as roads and bridges?

MR. SLATER: Absolutely. You know, so it's roads, bridges, transit systems, broadband, airports. One of the big projects that Executive Director Smith and I have been talking to our congressional delegation on is BWI Marshall Airport's growth is somewhat constrained by the sight lines of our air traffic control towers right now. So, you know, we're going to need new air traffic control towers before we can do any sort of, you know, reconfiguration and expansion. So, you know, we'll need some federal help on projects like that.

TREASURER KOPP: So either with the things that are before us now, which is sort of a beginning of bigger projects, is there a chance that those could be infused with federal infrastructure funds as well as State?

MR. SLATER: They complete, so these, the projects that we have out there now, the A/B connector, the baggage handling system, those are done with the airport revenue bonds that we went out with on the market. We received a stable outlook within the market, which is pretty good in terms of airports right now because of our recovery. But there are no shortage of needs that we have out there.

MR. SMITH: And if I can chime in --

MR. SLATER: Sure.

MR. SMITH: -- Greg is correct. So with the federal funds that have come in through the CARES Act, the list of funds, and even other funds that are

coming in, as it pertains to the Airport, we are required to meet what is normally the standards of the Airport Improvement Program, which places restrictions on how you can use federal funds. It has to be safety related or passenger enhancement. It cannot be revenue generated, for example. And so we seek every opportunity that we can to have reimbursement from the federal government on those projects when they are federally eligible. But most of our priorities for federal funds are on the air field, that we have enormous pavement requirements that we have to take care of and, you know, as the Secretary noted, the air traffic control tower is an emerging need of ours because it stunts our ability to --

COMPTROLLER FRANCHOT: Could I ask a question about, you mentioned the A/B connector and baggage handling system improvement. Director Smith, I'm delighted to see that you have not a request for \$100 million addition, but you have a request to modify this with a \$100 million reduction.

MR. SMITH: So --

COMPTROLLER FRANCHOT: Please, get this framed and put it up in my office?

(Laughter.)

COMPTROLLER FRANCHOT: And maybe you could tell us what is the project redesign and why was there such a significant projected cost savings?

MR. SMITH: So we were, as you know, we were moving full steam ahead with this development project and then the pandemic hit then and that challenged our revenues and our ability to go out into the marketplace and get bonds to support what was then an almost \$600 million project. The Secretary and I worked very closely together along with Southwest Airlines and we had to make a tough decision based on feedback from the rating agencies, the bond rating agencies, that we had to do a haircut. And so we were able to revisit the scope of the project, not compromise the major features of the project, and cut about \$100 million out of the project. It does leave, however, some project needs that will come down the road. But as this A/B and the baggage/handling system project goes, you're right, we are saving \$100 million out of the project.

COMPTROLLER FRANCHOT: Mr. Secretary, do you want to add to that?

MR. SLATER: No. I just think as we are recovering, BWI Marshall is really, they have a lot of success. We have such a heavy leisure air travel presence at that Airport. We're not certain if business travel is ever going to be the same. This past weekend, we saw travel volumes that were very close to pre-pandemic travel volumes. And very closely with our partners and so we're trying to move forward, but certainly trying to work within the budget and the resources that we have.

COMPTROLLER FRANCHOT: Excellent. And what do we do with the savings that are projected. Are we shifting those to other projects, or what is your thought on that?

MR. SMITH: So we never, we never, we didn't move forward with the bond issuance until after we made the reductions. And so there is no real surplus, it's just a lower project cost.

COMPTROLLER FRANCHOT: Are you anticipating any other project modifications?

MR. SMITH: For this A/B? No, we are bringing to the Board today all the modifications associated with this project.

COMPTROLLER FRANCHOT: Excellent. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on Transportation?

COMPTROLLER FRANCHOT: Move approval if --

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you, gentlemen, everyone. Department of Transportation has been approved. The Department of General Services.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Maryland Department of General Services. Today we are presenting 59 items, including two supplementals on our Agenda for your consideration. Three items are being withdrawn, those being Item 24, Item 37, and Item 52, subitem 2.1, Item 52. Please note that two Agenda items were revised yesterday. The encumbrance amount to grantees was corrected on 19; and also, Item 49 was revised to clarify the connection between the former contract providing services and the current Agenda item. We stand ready to take any questions that the Board has.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 22-C. It really is more of the Holly Center, which I believe the Holly Center was under the control of Public Safety and Correctional Services at one point. Am I correct on that?

MR. CHURCHILL: I am not totally sure. I believe that that is correct.

LIEUTENANT GOVERNOR RUTHERFORD: Or is that, is that a Health Department -- what is the status of the Holly Center, Mr. Secretary?

MR. SCHRADER: Lieutenant Governor, Treasurer, Comptroller, yes, the Holly Center is part of our developmental disabilities capability. And you

know, it's fully operational, which is why we need, the HVAC system failed and we are replacing it, one of the buildings, cottage 500.

LIEUTENANT GOVERNOR RUTHERFORD: All right.

MR. SCHRADER: We have separate cottages.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. SCHRADER: And so we want to replace this so we can continue to operate that cottage.

LIEUTENANT GOVERNOR RUTHERFORD: I was just -- it came to mind because I know there was some discussion about the Holly Center a couple of years ago.

MR. SCHRADER: Right.

LIEUTENANT GOVERNOR RUTHERFORD: And I'm not sure what, I'm trying to remember exactly what was being discussed, the possibility of moving out of the Holly Center, or --

MR. SCHRADER: Yeah, at the time there was concern about the long term efficacy of the Holly Center. And we've determined through our master planning that the Holly Center is a good place for us to remain for the long term. So we have been reinvesting in that facility for that, because of that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.
Thank you.

MR. SCHRADER: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, there was some consideration of if the Health Department was going to move out, that it would be used for a possible treatment facility or at least, you know, transitional housing coming out of treatment. So that's, I just was trying to remember what my memory was of that. And I know we have several retroactive contracts with the Department of Human Services. And I see Greg James is here.

MR. JAMES: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. JAMES: Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Gregory James, Deputy Secretary for Operations at the Maryland Department of Human Services. We do have six retroactive items before you. They fall into two categories. Items 31-S and 32-S are new one on one services contracts and I'd be happy to explain those. They are services that we have not had contracts for previously, and I can explain the back story of that if the Board is interested. The remaining four are placement contracts for youth in out-of-home placements.

LIEUTENANT GOVERNOR RUTHERFORD: I guess with 31-S and I believe there was another one, it's probably 32, they both have language that talks about the services, the department is unaware of how that vendor was selected.

MR. JAMES: Sure. So if I can explain with regard to these contracts, these are for one-on-one services. So a child is in a placement, but it's determined that we need additional supervisory staff to help that child stay safe, control their behavior, and really be successful in that placement. So it's adding an additional adult to help watch over that child, sometimes just for a few hours a day, sometimes 24/7. Historically, the way those services have been procured are the way that we would obtain any range of additional supplemental services for kids, whether that's paying for like a kid to get music lessons or a child in placement to go to summer camp. We would just do that as an individualized transaction and not look at it as purchasing a bucket of services. Recently we were going through and we looked at these services, and we were very concerned when we saw the volume of these contracts, how much was being spent. And unlike those other things I just named, right, so music lessons, if I buy trombone lessons for one child, I can't really procure violin lessons in the same transaction for a different child. You have to put those together individually. But these services are fairly standard and fairly consistent across all of the children that we're serving. So even though historically, and this goes back I am given to understand, goes back decades in terms of how the department had approached these transactions as individual one-off contracts as opposed to looking at them holistically. When we looked at it holistically, we believed that this was something that we should be doing a

competitive procurement for and that we wanted to bring it out of the sort of obscure one-off individual transaction world and put it into formal contracts. So there is really two steps to that. And what you see before you is the first step of that, which is for us to put a contract in place to cover the services that are being provided today, and that's what Item 31-S and 32-S are. And in consultation with our legal department and our finance department and the Office of State Procurement, it was determined that it made the most sense to start that contract at the start of the current fiscal year, which was FY 2021, which is why these all started on July 1, 2020. The services had continued, had existed long before.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. JAMES: We looked at who we had in place and was providing service on that date. There were six main providers, of which five were carrying the bulk of the transactions. So we moved forward with these sole source contracts to bring these providers into a formal structure. We are now also working on a formal competitive RFP that will be open to the general public, to any qualified party who can provide these services for youth in our care and will as soon as that procurement is completed, we will move to terminate this contract and move over to that --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. JAMES: -- new competitively awarded procurement vehicle.

LIEUTENANT GOVERNOR RUTHERFORD: That was going to be one of my questions. It would be a termination for convenience. So if I understand it, and it may be similar to the Comptroller's novation, you know, confusion, I was a little confused with it sounds like maybe it was just, you know, every contract previously was kind of a small procurement, it was a one-time and usually, I think trombone or violin lessons which is considered art and so it doesn't really go through the full procurement process anyway, versus now you are consolidating these services and so these are groups that were providing that kind of one off services previously, these same five that are there?

MR. JAMES: Correct, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: I guess what is somewhat troubling, and now, you know, you are going back 12 months on both of them, 12 months and seven days, retroactive that they have been doing this for the last year. But if the fact that the department doesn't know how these folks were even selected to begin with is somewhat of a --

MR. JAMES: So I believe the, I'm happy to follow up with a more detailed answer on that. These are organizations that the local departments of social services had been working with for many years. And based upon the needs of the individual child, they knew which of these providers was most appropriate for them to request services from. So one provider might be very good with adolescent girls,

the other might be very, very good with autistic youth. And that's how they were selecting the programs. I will say it is not, it is probably more in the area of art than science in terms of those selections by our well-trained social workers. But there wasn't to my knowledge a formal rigorous selection process like we will have with the new competitive RFP, which is another reason why we really did want to pursue this through a more formal contract as opposed to continuing to do these as individualized contracts. So while we never want to bring a retroactive item to the Board, we did feel like it was better in this case to put these under a contract and have that be transparent so our activities could be seen and known what we were doing in this area and what we were spending for these services for Baltimore City Department of Social Services.

LIEUTENANT GOVERNOR RUTHERFORD: And I'm not sure I should, I'm being careful in the way I ask this question, do you feel that there was anything that may have been not most ethical that was done previously? There were some challenges with Baltimore City DSS a couple of years ago --

MR. JAMES: So I --

LIEUTENANT GOVERNOR RUTHERFORD: -- that required a person to move on down there.

MR. JAMES: So to my knowledge I do not believe that there is a connection between these contracts and the issues that existed previously in

Baltimore City DSS. But I would be happy to investigate further and brief the Board if there's any issues.

LIEUTENANT GOVERNOR RUTHERFORD: It's probably water under the bridge now, but it just, when I saw that no one knew, and here's one suggestion going forward with this new procurement, that maybe if, you know, similar to this the procurement become a multiple award --

MR. JAMES: It absolutely will be.

LIEUTENANT GOVERNOR RUTHERFORD: Then that's where that social worker can say, okay, this business or this entity fits this child better than this other entity.

MR. JAMES: That is absolutely our intent, to make this a multiple award procurement. We don't want to put all of our eggs in a single basket. And again, there is specialty expertise even within these providers, so we want to have as great a range and a spectrum of services.

LIEUTENANT GOVERNOR RUTHERFORD: So the procurement has to be broad in that respect so that --

MR. JAMES: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- you have these different specialties and competencies.

MR. JAMES: Absolutely, Governor. Thank you.

TREASURER KOPP: No, I had the same concern, that you don't want to lose the benefit of the expertise of your social workers.

MR. JAMES: No, absolutely. And we do want them to have the ability to choose the right provider at the right time. We just want it to be within an appropriate contract structure that gives the level of transparency --

TREASURER KOPP: Those were --

MR. JAMES: -- in effect.

TREASURER KOPP: -- those were those two.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: But --

LIEUTENANT GOVERNOR RUTHERFORD: Now when we get to 33 and 34, it looks more like internal challenges that were there. Let me go, and I'll ask about 35 separately. But those --

MR. JAMES: So four items, 33, 34, and 35, the reason for the retroactive is indeed internal processes. We had some major challenges during the recent year. We have been working to address those and resolve those. We believe by the end of this summer, all of our retroactive items will have come to the Board, all of our prior procurements will have been cleaned up. We will have all of our emergency procurements reported to the Board.

LIEUTENANT GOVERNOR RUTHERFORD: Is that internal personnel issues that you have, that you had transition? I don't want to get into --

MR. JAMES: We had a key staff member who was out simultaneously with having some personnel issues within the procurement team. We've had some folks depart the team, which I believe will actually be an improvement to our operation. We've also brought on some new very qualified, very talented procurement folks to help improve that process. Our key person who was out for several weeks came back. Unfortunately, in that process of being out, we literally had close to 100 procurements miss their deadline. So it has just taken us a considerable amount of time to clean those up. I will mention for Item 36, that was prepared to come to the Board and at the last minute we pulled it back because we were able to add I believe ten additional beds at one of our providers. And so we believe that that was worth delaying that contract, which would have come as a retro but would have come as a retro sooner. And so that is the basis for that delay for Item 36-S.

LIEUTENANT GOVERNOR RUTHERFORD: You know, well it sounds like one of the challenges, the person who was out probably for personal reasons has not, did not train the people well enough to pick up the pieces when they were out. You know, it's kind of the succession plan that you have at least a deputy that can, you know, pick up the pieces or, you know, encouraging people

even if they need to reach out to the State Procurement Office to say, I'm going to be out, we're going to need, I don't trust my staff because --

MR. JAMES: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- I didn't do a good job as a manager. I always say the problems in government is management. It's not the employees per se, it's the managers. The managers have to manage. And if the person is not competent to do the job, then they need to move on. So I said it all the time. I say it to my buddy over here, that sometimes you have to, you know, move people out when they can't do the job. Sometimes people get promoted just because they have been there a long time, but they are not really competent to do that job as management.

MR. JAMES: That's so, Governor. And that's a point well taken. We did reorganize. The challenges we were experiencing were actually both within our procurement unit, which as I said we've had some staffing issues we've been working on there. We did add some appropriate folks. But we also had problems over on the program side where our contracts start and we did reorganize that to bring back and realign some responsibilities so that we have a Deputy Executive Director within the Social Services Administration who comes out of our contract side of the house and is overseeing that directly as one of her two primary

responsibilities at this point. But we believe that that will also substantially improve our on-time performance in this area.

LIEUTENANT GOVERNOR RUTHERFORD: I know I've been monopolizing this one. Comptroller?

COMPTROLLER FRANCHOT: Yes, so I have just a commentary on -- thank you, Mr. Secretary, but these are not your items. You can --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. No other for --

COMPTROLLER FRANCHOT: I have a couple of items that I'd like to talk about. I'm not sure --

LIEUTENANT GOVERNOR RUTHERFORD: Not Human Services?

COMPTROLLER FRANCHOT: Not Human Services.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. JAMES: Thank you.

COMPTROLLER FRANCHOT: So thank you very much. I did want to bring attention to two items, both of which I support because they provide important services to Marylanders, particularly those that reside in communities in West Baltimore. Item 14 is a \$500,000 grant to the historic Arch Social Club in Penn North --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: -- for the construction of a new theater and marquee. The Arch Social Club is one of the oldest African American social clubs in the United States and serves as an important historical and cultural jewel of Baltimore's African American community. Today the club continues to provide services to those in need.

Item 16 --

LIEUTENANT GOVERNOR RUTHERFORD: Let me just say while --

COMPTROLLER FRANCHOT: Yeah, please.

LIEUTENANT GOVERNOR RUTHERFORD: -- I'm glad you pointed that out because it's now two years ago I did a, went to the Arch Social Club, which wasn't the first time, to talk about their needs that they have for the facility. And we were able to put in the capital budget, we actually put in \$1 million in the capital budget for it, but it was (indiscernible). So that happens. Intent, intent. But I just wanted to point out that, yes, the administration is very supportive of the efforts of the Arch Social Club and all that is going on there. And we are continuing to work to try to clean up that corner. They sit there right at Penn North. The challenge that is there, and of course you know that I have been very much involved in trying to address the opioid issue, is we have two methadone clinics

that sit there. And the reality is that while probably the majority of people who are utilizing the methadone clinic are not a problem, they get their medication and they leave, there is a large group, a visible minority, I'll call it, that get their methadone and then go out and they secure opioids, be it heroin or prescription medications, and cause a problem in that locale. So we've been working with the City and the City delegation to move one of the clinics. I think we're pretty close to being able to move one of the clinics, and hopefully we can do something about the other. Because that Pennsylvania Avenue used to be the entertainment strip in West Baltimore and the community really wants to do that. But the impediment, unfortunately, are the two clinics and what has been allowed to happen, you know, with the situation. During the pandemic, you could see who the drug dealers were because they had a mask on and gloves, you know. So everyone else did not, but those folks were the ones who were selling the drugs. So I'm sorry, go to 16.

COMPTROLLER FRANCHOT: No. No. I, kudos to the Lieutenant Governor. And but this important historical and cultural jewel of --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: -- Baltimore's African American community is getting this money. And today the club continues to provide services to those in need. So that's hats off.

Item 16 is a \$1,725,000 grant to Bon Secours Community Works, also located in West Baltimore, for improvements to their community resource center. Serving an average of 4,000 community members annually, BSCW has worked alongside community leaders and residents to design and implement programs and services to address the holistic needs of their clients. These two organizations are unbelievably important as far as the work that they do. I'm delighted to see, Lieutenant Governor, that you and the administration are giving them well-deserved financial support.

LIEUTENANT GOVERNOR RUTHERFORD: I particularly like your pronunciation of Bon Secours.

COMPTROLLER FRANCHOT: Well yeah --

LIEUTENANT GOVERNOR RUTHERFORD: -- your French --

COMPTROLLER FRANCHOT: -- Franchot, yeah, I mean, I've got to have a little bit of French in me.

(Laughter.)

COMPTROLLER FRANCHOT: I did have a concern about Item 28, which is a request from State Lottery to approve a \$71.8 million contract for instant ticket games. If Director Martin is here today, I'd like to congratulate him on his appointment to the State Lottery and I look forward to working collaboratively, Mr. Director, with you in the future. But according to my notes,

the price of this contract has increased by \$8 million since it was last awarded in 2013. Is that correct? Or is he available to comment?

MR. CHURCHILL: Director Martin --

SECRETARY GONTRUM: John Martin?

MR. CHURCHILL: -- should be on the line.

LIEUTENANT GOVERNOR RUTHERFORD: I don't know.

SECRETARY GONTRUM: One second. We're just --

MR. MARTIN: Hello, good morning. Can you hear me?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. MARTIN: Okay, great. Lieutenant Governor, Madam Treasurer, Comptroller Franchot, I am John Martin. I am the new Director for the Maryland Lottery and Gaming Agency. And I'm sorry, Comptroller, your question kind of went in and out there as I was transitioning to get into the meeting here. Would you mind restating your question again, sir?

COMPTROLLER FRANCHOT: Yeah. It's gone up in eight years by \$20 million, this \$71.8 million contract for instant ticket games. So I just wanted to confirm with you that it has increased significantly.

MR. MARTIN: Yes, it has. And what has increased even more significantly has been the revenue that has been derived from the instant tickets. Back when the most recent contract was signed in 2013, we were producing about

\$485 million annually on scratch off ticket sales. And I'm pleased to report in the fiscal year we've just completed, in fiscal '21, that has grown to \$993 million, 104 percent increase in the revenue that's being generated from those tickets. And you are correct in pointing out that the associated costs have increased comparatively only 38 percent.

COMPTROLLER FRANCHOT: So essentially there has been a, has there been a 75 percent increase in the number of instant ticket games? How do those, are those all the scratch-offs? Is that what the term describes?

MR. MARTIN: Yes, that's correct. This ticket, this contract is just for the scratch-off ticket product. And my predecessor, Director Medenica, made it a stated objective back in 2015 that we would grow that market segment, because it does produce on average dollar a higher return to the, to our revenues. And his actions and our implementation here have, like I said, more than doubled what we were producing back in 2013. So we're proud of that accomplishment, and also proud that equally the corresponding cost has only increased \$20 million.

COMPTROLLER FRANCHOT: So I can see why you are stating that some people, I guess, find that the increased sales revenue obviously is a positive. I personally find that statistic alarming. Because most of the data that I am aware of with the Lottery is that it has historically shown that it's our lowest wage earners who are predominantly playing the Lottery. So are you, do you, is

your information that, you know, the increase is attributable, I take it, to advertising, and other innovations. But are you following at all where exactly -- I know we all appreciate the money coming in. But where is it coming from?

MR. MARTIN: It comes from a variety of sectors. And I think since this is our 48th year in operation, we've heard the concerns that it's coming from a disproportionate share of the population for 48 years. I think the reality is, as we look at our current data, that it's more reflective of the demographics of the entire State and that we're seeing positive contributions not only in new products that we have introduced that engage new and different players, but also across all income levels that typically map the current demographic profile of the citizenry. So with all due respect, I don't know that we view the statistics the same way and see that there is any disproportionate play in certain categories. We're looking at more of the broad brush, all categories across the State. And I think I'd be remiss if I didn't point out that for every dollar that comes into the Lottery, about 95 cents of every dollar goes back out into the marketplace as a function of prizes won by players, as a function of income to small businesses who are the backbone of our retailer network, and most importantly, our contribution back as a revenue line item back to the State coffers. That only leaves us --

COMPTROLLER FRANCHOT: Okay.

MR. MARTIN: -- about five percent to run our business.

COMPTROLLER FRANCHOT: Yeah, I just disagree with you on the data but I'm happy to share our data, and maybe you can share some of your data. I think this is a regressive tax on the poor. That's basically what it amounts to. And I'm going to, with all due respect, respectfully just vote no on this because I think we need to understand that there is a negative associated with the so-called positive. And I'm just sorry to see the State, I don't know what your advertising budget is, but I assume it's very, very significant. And --

MR. MARTIN: Well the --

COMPTROLLER FRANCHOT: -- in my area, the people lining up to buy these tickets are not the kind of, these are the most desperate of our folks, I find. And but we can share and exchange data and see whether I'm wrong on that. But this particular contract I'm going to vote no on.

MR. MARTIN: Well, I appreciate your perspective and I would welcome that opportunity. I would just point out that our advertising budget has been cut and continues to be challenged every time that we look at it. So I would daresay it's not a function of increased advertising by any means. And advertising is an important element of what we do, and we continue to do plenty with a dwindling budget.

COMPTROLLER FRANCHOT: Yeah, well I started the dwindling --

LIEUTENANT GOVERNOR RUTHERFORD: Okay --

COMPTROLLER FRANCHOT: -- back when I was Chair of the committee that oversaw your agency. And the data we had back then was just stark, that this is robbing Peter to pay Paul. I mean, it is just completely unacceptable. And so the good news for folks like me is somewhat tempered. And that's okay. It's you know, just a difference of opinion. But I look forward to exchanging our data with yours.

MR. MARTIN: Yes. We would welcome that and update your data to reflect the information that we have available.

COMPTROLLER FRANCHOT: Thank you. And Governor, with this exception of that, I would move approval.

TREASURER KOPP: Could I ask a couple --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, please.

COMPTROLLER FRANCHOT: Oh --

SECRETARY GONTRUM: Is there a motion --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I guess we should take 28 out. So put a motion to approve 28 solely.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And so we are two to one, approve.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. So the remainder of the Agenda.

TREASURER KOPP: I --

LIEUTENANT GOVERNOR RUTHERFORD: You have questions?

TREASURER KOPP: A couple to note. First of all, Madam Secretary, Item 27, the oyster reef construction sanctuary. I congratulate you on making significant progress by increasing the oysters in the Bay and the rivers. And as I recall, the oysters are the best way to clean the water in the Bay. So as much as I love eating them --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, they are.

TREASURER KOPP: -- they actually are a very important component --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: -- of our Bay program. And I certainly hope that we will continue to support the growth of the oysters rather than diminish them, even for people like me who like to eat them. And maybe you could give that message to the Governor as well, if you would. That one item.

LIEUTENANT GOVERNOR RUTHERFORD: Let me just say while you're going to the second one --

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- that on this particular item, what was very good in terms of what the department did is that they did not necessarily specify what type of element to use for the restoration purposes. And so that gives flexibility to the entities in terms of creating these restoration projects.

TREASURER KOPP: Yeah. It's a great program. Item 47, I think, Governor, it's the MDOT MVA digital camera hardware and it points out the significant growth. We capture approximately 100,000 facial images monthly. And the driver's licenses were not initially and identity documents have evolved as a recognized document for -- so what is being done, A, in terms of cybersecurity; and B, in terms of privacy and civil liberties while we go ahead with this wonderful program which apparently you will be able to tell any person on the street from a mile away.

MR. SLATER: Absolutely. So let me start, and then maybe Administrator Nizer could add to that. So on the cybersecurity front, we have an MDOT-wide program where we deploy a number of tools for protection working with the Department of Information Technology. We even deploy kind of

companies to try and get into our system and test the system and try and find vulnerabilities. Over within the MVA in particular, there are a number of safeguards that we have in place as well. On the data access standpoint, we work through federal guidelines but also essentially the only people that have access to the data are the ones that need access to the data. That's been one of our challenges through this pandemic, is kind of moving some of those functions that could not be removed to a remote workforce because they needed to be inside our facilities and inside those security walls.

So Administrator Nizer, are you on the phone? Maybe you could add a little bit to the privacy aspect as well as the cybersecurity component.

MS. NIZER: Sure. I'd be happy to. Hi, this is Christine Nizer, Administrator of Maryland Department of Transportation Motor Vehicle Administration. As Secretary Slater said, security is a top priority for us at MDOT MVA because of protection of everybody's confidential information. So there are multiple levels of security in terms of the application itself, both external as well as internal. So in addition to, you know, trying to protect from bad actors who would want to access our data, even internally, only employees who have certain access due to the nature of their job are granted access to photos and other personal information.

The good news is that we are in the middle of a system modernization that is allowing us to take that security really to another level. It's called Customer Connect, and we have deployed our vehicle portion of that system and are in the process of deploying the driver's license system, which will go live in December. Procuring these new cameras is part of that process so we can make sure we have the highest possible integrity of that photo along with the new system we're deploying. And so the new software really allows us to protect data down to the individual level and really making sure that only those who need to have access have access. In addition, our employees go through training on a regular basis in order to ensure that they are up to date on all of the security protections and measures that we need to take. But I would be happy to answer any additional questions, Madam Treasurer, you might have.

TREASURER KOPP: I'm not sure I know how to articulate the questions. It's an area of general concern. But when I see you are doubling the number of cameras --

MS. NIZER: So I can answer -- oh, I'm sorry.

TREASURER KOPP: Yeah, sorry, and producing 2.8 million images a year. That's just, that's a lot.

MS. NIZER: So the reason for doubling the number of cameras specifically is our IT modernization. So everybody is very familiar with entering

an MVA. And if you have a vehicle transaction you have to go to a certain side of the branch, and a driver's license transaction another side. The good news is as of December, we will be able to do any transaction at any station. And so if you are new to the State of Maryland, or you are just a customer that has a driver and a vehicle transaction, we'll be able to take care of you at one station, which is why we are increasing the number of cameras to allow more flexibility to do more transactions at additional stations. Obviously, that leads to a better customer experience, reduced wait times for everybody. So that's really the reason for the additional cameras.

TREASURER KOPP: I get that. And it does make it more convenient. And then I read the pixels, ensure images, with the head tilt calculated, the aspect of the image, eyeglasses, scarves, head coverings. It just, it's more convenient, but it's also a little bit threatening. And I just wanted to --

LIEUTENANT GOVERNOR RUTHERFORD: Big brotherish?

TREASURER KOPP: -- yeah. I just wanted to point that out. I urge people to look at this item and see what it is. And as long as I have you, I didn't mean to say anything, Madam Administrator, but I had the unhappy occasion of losing my driver's license on Thursday. I got on the computer and sent an email to MVA. I immediately got in the mail an image that I could turn into a paper hard

copy version, and the next day, the next day, I got a new license. A new one. It was, I was amazed. And I congratulate you. That is just really --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- astounding.

MR. SLATER: Now I will add to that --

MS. NIZER: Thank you for saying that.

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, that is.

TREASURER KOPP: Really.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I work with

--

MS. NIZER: -- hard work of a lot of our employees. It's a credit to the employees that work here. They are really very dedicated. And you know, we have gone to a lot more online transactions because of COVID and the desire of customers to do it that way. So it's great to hear --

TREASURER KOPP: Yeah.

MS. NIZER: -- those stories that encourage other customers to perform transactions online.

TREASURER KOPP: That is tremendous customer service and I thank you.

COMPTROLLER FRANCHOT: Could you possibly help the Department of Labor on unemployment claims? Just for the in passing. But thank you. I join the Treasurer. It's great customer service.

MS. NIZER: Thank you.

TREASURER KOPP: It was just amazing. And believe me, I've told just about everybody I've spoken to since then about --

MS. NIZER: I appreciate that.

LIEUTENANT GOVERNOR RUTHERFORD: Very good. She does a very good job. And I've had people contact me that have done the same thing, and they are about to go on an airplane, they have airline reservations and don't have a passport either. It just turns around very quickly. It's not special service, they just, that's what they do and are able to do it. So thank you.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on General Services? I said Transportation, because we were talking about it.

TREASURER KOPP: No, but I'd like to point out for posterity Item 50, Secretary Churchill's eMaint Computerized Maintenance Management System --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm, yes.

TREASURER KOPP: -- that slowly but surely the other agencies of State government are joining in and we're going to have an integrated maintenance system, IT system to keep (indiscernible) maintenance and get good reports that can be used. And I just congratulate you.

MR. CHURCHILL: Thank you, Madam Treasurer. You know, it has been a conversation that we have had over many, many years. And all agencies want to do better in terms of how they are maintaining and operating and maintainancing and tracking their own inventories. And so we're moving, as I said, we were, hopefully we were at the beginning of the beginning and now I think we have moved the ball down --

TREASURER KOPP: I think it is just terrific. A good maintenance reporting system should allow us to maintain our buildings much better and to save significant funds for the taxpayers.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. CHURCHILL: Yes. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: As long as we keep it in the budget, right?

TREASURER KOPP: Yes.

MR. CHURCHILL: That is correct.

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: That's always the challenge with that. And the federal government has that very same challenge. You know, it's maintaining your buildings. No one advocates for the employees. Any other questions on General Services Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All approved. And thank you very much. We're back, open, and good afternoon, everyone.

(Whereupon, at 12:32 p.m., the meeting was concluded.)