

EXQUISITE LIMOUSINE
SERVICES, LLC,

Appellant

v.

PRINCE GEORGE'S
COUNTY BOARD OF
EDUCATION,

Appellee.

BEFORE THE

MARYLAND

STATE BOARD

OF EDUCATION

Opinion No. 22-14

OPINION

INTRODUCTION

This appeal involves a contract dispute between Exquisite Limousine Services, LLC (“Limo Services” or “Appellant”) and Prince George’s County Board of Education (“local board”). The local board responded to the appeal and moved for dismissal. Limo Services filed a reply and thereafter the local board responded.

FACTUAL BACKGROUND

For the 2019-2020 school year, Appellant and the local board entered into a contract for Appellant to provide bus transportation for local board students. (Appeal, Ex. B). In VI, § G., Arbitration, the contract states:

“Any controversy or claims arising out of or relating to this agreement or the breach thereof shall be resolved by arbitration by the American Arbitration Association (AAA) in accordance with its then prevailing Commercial Arbitrations Rules. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be held in Prince George’s County, Maryland and according to Maryland State Law. [...] The prevailing party in any arbitration shall recover its attorney fees and costs incurred therein.”

(Appeal, Ex. B at 5).

On March 13, 2020, in response to the COVID-19 pandemic, all public schools in Maryland were closed, and that closure continued through the end of the 2019-2020 school year. Appellants did not provide any bus transportation during this period. Appellant was paid up to and including March 2020. It laid off its drivers. *See* Board’s Response, Ex. A. at 3 (Letter from Wyles, Board Counsel, to Johnson, 7/6/20).

On June 15, 2020, the school system’s Chief Executive Officer (“CEO”), through her attorney, responded to Appellant’s demand for payment for the period of March 13, 2020 through the last day of the 2019-2020 school year by issuing a final decision, stating that Appellant would not be paid for that period as no services were rendered. (Appeal, Ex. C). The Appellant had contended that payment was due for partial services it provided during the school closure period to assure that its vehicles and drivers would be ready to provide services when requested. The CEO noted that Appellant could appeal her decision to the local board.

On June 28, 2021, Appellant appealed the CEO’s decision to the local board, demanding payment of \$108,000 for the period of March 13, 2020 through the end of the school year (Appeal, Ex. D at 1), and on September 8, 2021, Appellant filed a “Legal Argument in Support of Appeal.” (Appeal, Ex. D).

On October 12, 2021, the CEO filed a Motion to Dismiss the appeal with prejudice, or in the alternative, to compel arbitration as set out in the contract. (Board’s Response, Ex. B). On November 10, 2021, Appellant filed a “Reply to the Motion to Dismiss [....].” (Board’s Response, Ex. C). On December 6, 2021, the CEO filed a “Reply to Opposition to Motion to Dismiss [....].” (Board’s Response, Ex. D).

On January 13, 2022, the local board dismissed the appeal and recommended that the Appellant file for arbitration as required in the contract. (Appeal, Ex. A). On February 11, 2022, Appellant filed this appeal with the State Board.

STANDARD OF REVIEW

In appeals where the Board’s jurisdiction is at issue as it is here, the State Board exercises its independent judgment on the record before it. *Richard C. v. Anne Arundel County Bd. of Educ.*, MSBE Op. No. 19-27 (citing COMAR 13A.01.05.06E).

In appeals arising under Md. Code Ann., Educ. §4-205, the local board of education’s decision shall be considered *prima facie* correct, and the State Board may not substitute its judgment for that of the local board unless the decision is arbitrary, unreasonable, or illegal. *See* COMAR 13A.01.05.06A; *see also Fields v. Baltimore County Bd. of Educ.*, MSBE Op. No. 16-05 at 4 (2016).

LEGAL ANALYSIS

The local board argues that the arbitration clause in the contract provides the sole legal procedure for resolving disputes under the contract divesting this Board of any jurisdiction it may have had to resolve this dispute. We agree.

The arbitration clause states clearly that “any controversy or claims arising out of or relating to this agreement or breach thereof shall be resolved by arbitration...” Yet, the Appellant argues that allowing the arbitration clause to override the statutory appeal process to the State Board would divest the Appellant of its “legal rights...and would be unreasonable.” (Appeal at 3). The arbitration clause, however, in our view, does not divest the Appellant of its

legal rights – it merely provides that the legal rights of the parties are to be resolved through a particular arbitration process with access to the courts of Prince Georges County, if appropriate. *See Contract, Sections VI, A and VI, G.*

It is difficult to ascertain how such agreement to arbitrate is “unreasonable” in this case. As the local board points out, Maryland recognizes two types of unconscionability in contract actions: (1) procedural unconscionability, regarding concerns in contract formation such as the use of fine print/convoluted language, deception, refusal to bargain over contract terms, or lack of meaningful choice; (2) substantive unconscionability, where contract terms impair the integrity of the bargaining process, contravene public interest/public policy, negate fundamental duties otherwise imposed by the law, or are otherwise unreasonably and unexpectedly hard. *Freedman v. Comcast Corp.*, 190 Md. App. 179, 208 (2010). Appellant provides no evidence or argument to show the presence of such unconscionability. Moreover, arbitration clauses in Maryland are authorized by statute, *see Md. Code Ann., Cts. & Jud. Proc. §3-206(a)*. In Maryland, a party to an agreement including an arbitration clause is presumed to have read and understood its contents. *See Walther v. Sovereign Bank*, 386 Md. 412, 429 (2005).

As Appellant has failed to show the arbitration clause is in any way unconscionable or that the local board’s decision relying on the arbitration clause is arbitrary, unreasonable, or illegal, its claim must fail and the matter must be dismissed.

CONCLUSION

For all these reasons, this appeal is dismissed.

Signatures on File:

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June 28, 2022