

BOARD OF DIRECTORS MEETING MINUTES MEETING 7-20 July 23, 2020

LOCATION: Conference/Video Call

TIME: 9:30 a.m.

DIRECTORS PRESENT: Charles Glass, Chairman (video)
Michael C. Harris, Treasurer (video)
Richard P. Streett, Jr., V.M.D., Secretary (video)
William Addison (video)
Morgan Hall (video)
Leslie Jackson-Jenkins, Esq. (phone)
J.P. Smith (phone)
Joseph Snee, Esq. (video)

DIRECTORS ABSENT: None

OTHERS PRESENT: Sean L. Coleman, Esq. (video)
Tammy Banta (video)
Vishal Bhatia (video)
Hattie Crosby (video)
Dan Faoro (video)
Pamela Fuller (video)
Jason Gillespie (video)
Jana Leech (video)
Steve Pennington (video)
Matthew Sherring (video)
Steve Tomczewski (video)

CALL TO ORDER

Dr. Glass called the meeting to order at 9:35 a.m. The video connection provided the ability for some board members to be visible to one another.

MINUTES

Dr. Glass requested discussion or a motion for the approval of the minutes of the meeting of June 29, 2020. Mr. Snee made a motion to approve the minutes, and Mr. Harris seconded. The minutes were unanimously approved.

DIRECTOR'S REPORT

Dr. Glass reported on a productive first month. On July 1st he appeared before the Board of Public Works regarding the conversion of ECI's Co-Gen facility from wood chip burning to natural gas and the expansion of a natural gas supply line into Somerset County. The State Treasurer was very interested in the project and asked several questions. The Chesapeake Climate Action Network is opposing the expansion of the natural gas network, calling it a "fracking gas" project. The Board of Public Works ultimately voted in favor of the conversion, moving the project forward. The expansion of a gas line to Somerset County will lead to economic benefits to the County. It is one of the only counties that does not have direct access to natural gas lines. ECI will also benefit from the conversion. Currently wood chips are generated from trees that are cut and stripped specifically to create wood chips for burning, not from wood waste. The chips are then transported to the facility. All of this uses a large quantity of diesel fuel. ECI receives approximately 12 trailers of wood chips per day, approximately 50,000 tons per year.

Dr. Glass and Secretary Grumbles will be meeting later today to discuss the Conowingo Pilot project. Costs have been increasing due to additional requirements by Exelon. The property initially identified as staging area in the original Request for Proposals changed. The contractor proposed Peach Bottom Landing as the new staging area.

Dr. Glass is excited about the beneficial re-use of recycled materials such as dredged material, poultry litter and food waste. MES might be able to develop a product that blends the various items. Converting chicken litter to energy has been challenging in the past. The BTU's from the litter create a char. MES and the Maryland Department of Agriculture are looking at possibly spreading this char on farm fields, rather than spreading raw litter.

Dr. Glass will be meeting with Adam Ortiz, the Director of the Department of Environmental Protection for Montgomery County. A meeting has been set up with the County Executive for Harford County regarding the potential to expand services. MES is working on scheduling a meeting with Baltimore County.

Mr. Snee requested that the Director consider re-instituting the Spring Flings once the COVID-19 crisis is over.

AGENCY ACTIVITY REPORT

Dr. Glass presented the Agency Activity Report. MES signed the agreement with the MDOT Maryland Port Administration (MPA) for the Seagirt Berth 3 Dredging project and it has been sent to MDOT MPA for execution. Ms. Banta noted that the Energy Transfer Ports (ETP) agreement is being increased by \$4.95 million to provide MDOT MPA with dredging, construction management and engineering services. The ETP Colgate Creek and Innovative Reuse project is also moving forward. Late yesterday, MDOT MPA announced that budget reductions would be occurring in FY21. At this point, it looks as though Cox Creek Expanded will continue with the dike raising and base dike expansion. The dike raising at Masonville is on hold pending further review. Clarification is being sought. MDOT MPA has asked MES to reduce its FY21 operations budgets by about 24% thus far. Team members are currently looking at options. Mr. Snee requested a joint Board meeting with the MES Board and the Maryland Port Commission board. Dr. Glass will be meeting with newly appointed MDOT MPA Executive Director Doyle soon. Ms. Banta relayed that the Mid-Bay island project, consisting of Barren and James Island, is in the design phase now, with field studies underway.

MES will soon take over development activity at the Brown Station Landfill in Prince George's County. Expansion of the Cell 3 will add 40 years of capacity to the landfill. MES will also play a larger role at the Sandy Hill Landfill.

STRATEGIC PARTNERSHIP REPORT

Mr. Pennington's team has continued to virtually meet with stakeholders throughout July, including Baltimore and Harford County. His team has been working with the Communications team to develop strategies to continue to increase MES brand awareness. They are preparing a grant application to the EPA related to feasibility studies on anaerobic digestion. This would include food waste recycling in urban areas, and chicken litter recycling in rural areas. A proposal is being developed for the potential operations of the Water Wastewater facilities for the City of Cumberland. A staffing evaluation is being conducted for Bioenergy DevCo. Several opportunities have been identified for work in St. Mary's County.

FINANCIAL REPORT

Mr. Harris presented the June 2020 financial report. FY20 total revenue to date is \$178.8 million, this is 11% over FY19. This is due primarily to work at Cox Creek Expanded and the Lake Langanore dredging project. All the Groups had higher labor sales compared to last fiscal year. These are the highest labor numbers in MES history. Members of the Board expressed their appreciation for the efforts across all MES groups for this achievement.

The net assets closed at \$3.7 million. This is lower than budgeted, but still very strong. The lower overhead rates have resulted in cost savings to agency clients. Overall it has been a strong financial year. Team members are preparing for the uncertainty of FY21 caused by COVID-19. The total net assets are \$33.5 million over last year. The budget v. actual is 7% over this point in time last year, due to labor sales. Everyone has been doing a great job, despite the challenges related to COVID-19. Some money will be pulled from contingency to pay for expenses.

The 2021 Financial Plan was presented.

The list of accounts past 90 days is longer than usual, but Finance staff and project managers are in constant contact with customers to resolve. Payments are expected as customers return to their offices. Dr. Glass and Mr. Gillespie are working toward a resolution with the Town of Sudlersville. Payments have been trickling in. The Town recently had an election, resulting in a new Commission President. A plan is being discussed with the Queen Anne's County Administration, whereby the County may pay the past-due invoices, as the Town pays their current invoices. The County and Town have asked for 60 days to work on a plan.

COVID-19 has significantly impacted Wise Recycling and their ability to pay their outstanding invoice. The Attorney General's office continues to pursue payment.

RESOLUTION 2020-07-1R

Mr. Harris and Mr. Coleman introduced Resolution 2020-07-1R for the Midshore II Bond Refunding. This transaction will save the Midshore counties approximately \$1.8 million over the life of the bonds. The sale is expected to close the first week in September. It is too early to know the exact new rate at the time of sale, but the current rate is 4.5%. The Preliminary Official Statement (POS) is attached to the Resolution. The Resolution allows the Treasurer and Board to make non-substantive changes to this document if necessary. Agency staff have been working with bond counsel and the PFM,

the agency's financial advisor on the structure of the sale. Also attached to the resolution is an Escrow Agreement and a Continuing Disclosure Agreement. A current issue is the COVID-19 virus, and what effect it may have on the sale of the bonds, and revenues. The final sizing of the bonds has not been completed yet. If the sale is less than \$10 million the sale may be "bank qualified" and could save the agency on issuance costs. Each of the four Midshore Counties will need to complete similar resolutions. Mr. Snee made the motion to approve the Resolution, Ms. Jenkins seconded. The motion passed unanimously.

AUDIT COMMITTEE REPORT

Ms. Jenkins reported that the Audit Committee met earlier this morning. The Audit committee consists of Mr. Smith, Mr. Hall, and Ms. Jenkins. Mr. Coleman and Mr. Harris joined them, as well as Valerie Colimon, the Audit Senior Manager, and Andrew Wolf the Audit Manager from RSM US, LLP. The auditors started their initial field work the week of June 8th, and plan to complete field work by August 3rd. On September 24th they will meet with the Audit Committee to present their draft findings. Their final report will be issued at the October Board meeting. Ms. Jenkins summarized the audit plan for conducting the audit. The Committee would also like to discuss an issue during the closed session of this meeting.

HUMAN RESOURCES REPORT

Dr. Glass reported that the agency currently has 855 total positions. Hiring for open positions is ongoing, despite the closures. Several additional positions have been added.

PROCUREMENT ITEMS

Ms. Crosby introduced Item 1. The procurement is for the first-year contract extension for general labor services provided by CMT Services at Prince George's County Material Recycling Facility. Mr. Smith made the motion to approve the item, Mr. Harris seconded. The motion passed unanimously, except for Ms. Jenkins who abstained.

Ms. Crosby introduced Item 2. The procurement is for engineering support services provided by Barton & Loguidice at the Gude & Oaks Landfills in Montgomery County. Mr. Harris made the motion to approve the item, Dr. Streett seconded. The motion passed unanimously.

Ms. Crosby introduced Item 3. The procurement is for the purchase of aluminum sulfate for use at various water and wastewater facilities throughout the State. Mr. Snee made the motion to approve the item, Mr. Smith seconded. The motion passed unanimously.

Ms. Crosby introduced Item 4. The procurement is for COVID-19 staff augmented continued response and recovery for MEMA provided by Hagerty Consulting. Dr. Streett made the motion to approve the item, Mr. Hall seconded. The motion passed unanimously.

Ms. Crosby introduced Item 5. The procurement is for Carl Belt, Inc. to perform upgrades to the water distribution system at Swallow Falls State Park. Mr. Smith made the motion to approve the item, Mr. Harris seconded. The motion passed unanimously.

The Board Notifications were reviewed.

LEGAL REPORT

Mr. Coleman advised that in compliance with the Open Meetings Act, each public body is required to have at least one designated member of the body complete training on the Open Meetings Act. A public body may not meet in closed session unless one of the members who has completed that training is in the meeting. Otherwise, the public body must complete additional paperwork. All the members of the Audit Committee have volunteered and have been designated to take the training. The full Board must also designate at least one member to take the training. Mr. Harris has volunteered to be the designated person. Mr. Snee proposed that all members of the Board take the training. Mr. Coleman advised that any number of members may take the training, but the Board should designate individual members to be officially certified. Mr. Snee also volunteered to become certified. Dr. Streett made the motion to nominate Mr. Harris and Mr. Snee to take the training and become certified in the Open Meetings Act. Mr. Smith seconded the motion, the motion passed unanimously. Mr. Coleman will send out a link to the training site.

Mr. Coleman advised that Assistant Attorney General William J. Selle will be retiring the end of July. Mr. Eric Hartlaub has been appointed by the Attorney General as the new Assistant Attorney General.

Approval has been given by the Attorney General's office to file suit against Wise Recycling.

OLD/NEW BUSINESS

Dr. Streett advised that the Board would like to discuss a matter in closed session that was just brought to their attention.

Mr. Snee asked for an update on the progress of the new Headquarters building construction. Dr. Glass has met with Mr. Babusci and Mr. Craig Morrell and been briefed on the project. Adjustments are being made to the plan. Capital funds of MES will be impacted. No decision has been made regarding halting progress or continuing. Mr. Snee wanted the agency to ensure the funds designated for the project are secured.

The next meeting is scheduled for August 20, 2020 at 9:30 a.m.

CLOSED SESSION

At 11:04 a.m., in accordance with MD. Code Ann., Gen. Prov. §3-305(b)(1) and (b)(7) Dr. Glass stated that the Board intended to enter closed session to discuss the compensation of an agency employee, to approve the minutes of a prior closed meeting session and to consult with counsel to obtain legal advice. Dr. Glass asked if anyone objected to the Board entering closed session, and no objections were heard. Ms. Jenkins then made a motion that the Board enter closed session for the reasons stated above. Mr. Harris seconded the motion, all members voted in favor of closing the meeting. Dr. Glass announced that the meeting of the Board of Directors would immediately adjourn following the closed session. The public meeting then ended at 11:05 a.m. The Board members and Mr. Coleman then called into a secure conference phone line.

Dr. Glass called the meeting of the closed session of the Board to order at 11:14 a.m. Present during the closed session of the Board were Board members Glass, Harris, Streett, Snee, Jenkins, Smith, Addison, Hall, and Assistant Attorney General Coleman. At the start of the closed session Dr. Glass requested a motion for the approval of the minutes of the closed session from the meeting of June 29, 2020. Mr. Addison made the motion to approve the minutes and Mr. Harris seconded. The minutes were unanimously approved.

During the closed session the Board discussed several issues related to the performance of a specific employee of the Service, and to consult with counsel regarding those issues. The Board took no official action regarding those issues during the closed session, but will continue to gather information and discuss the issues again at the next meeting of the Board.

At 11:42 a.m. Dr. Glass left the closed session of the Board. Mr. Harris initiated a discussion of the salary of the Director. Following the discussion, the Board


unanimously approved modifying the annual salary of the Director to be \$205,000, effective July 29, 2020.

Mr. Harris then initiated a discussion of the salary of the Deputy Director, the position being currently vacant. Following the discussion, the Board unanimously approved modifying the annual salary of the Deputy Director to be \$198,000, effective July 29, 2020.

The closed session then ended, and the Board meeting adjourned at 12:03 p.m.

Richard P. Streett Jr. V.M.D.

RICHARD P. STREETT, JR., V.M.D
SECRETARY

A handwritten signature in blue ink, appearing to read "Charles Glass", written over a horizontal line.

CHARLES GLASS, Ph.D.
CHAIRMAN/DIRECTOR