



Robert L. Ehrlich, Jr.
Governor

John S. Sparkman
Director

**BOARD OF DIRECTORS
MINUTES
MEETING 05-1
January 24, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 1:00 p.m. (Meeting scheduled)
1:03 p.m. (Meeting convened)

DIRECTORS PRESENT: John S. Sparkman, Chairman
B. Conway Gregory, Deputy Director
Beth Wojton, Secretary
Kenneth Howarth, Treasurer

DIRECTORS PARTICIPATING BY CONFERENCE CALL:
William B.C. Addison
Leslie Jackson Jenkins
Joseph F. Snee
Paul Comfort

DIRECTORS ABSENT: Lawrence D. Shubnell

OTHERS PRESENT: Sean Coleman, Esq.
Charles Madison
Mike Snovitch
Michael Wojton
Crystal Chissell, Esq.
Nancy Voorhees Balenske
Henry Cook
Andy Hallmark

CALL TO ORDER

Mr. Sparkman called the meeting to order at 1:03 p.m.

MINUTES

Mr. Sparkman stated the Minutes of the meeting of December 16, 2004 had been reviewed and circulated in advance. Mr. Snee moved to approve the Minutes of December 16th and Ms. Jenkins seconded the motion. The Board approved the Minutes.

DIRECTOR'S REPORT

Mr. Sparkman updated the Board on a few items.

Midshore: A meeting is scheduled with the Midshore Counties to prepare for Midshore II. The four counties have approved the drafted Memorandum of Understanding for the agency to construct and operate Midshore II. The options remain for the Midshore Counties to undertake alternative projects for Midshore III and IV, which are very far in the future.

Western Acceptance Facility: Due to review by Baltimore County officials, the start of the expansion project has lagged. Mr. Sparkman met with the County Executive to discuss MES's projects with the County, the reduction in revenues to the County, and difficulties with staff communication. The County Executive asked MES to initiate talks with BFI to discuss additional measures to offset the reduction in revenues. Sean Coleman has also discussed with an Assistant County Attorney whether the two entities should seek an opinion from the Ethics Commission regarding the County's hiring of a former MES employee.

Financial health: The agency is developing a plan to address revenues v. outlays this fiscal year. Discussions with the Maryland Port Administration about increasing overhead recovery have been encouraging.

TreadSpread – American Disabilities Act certification of the product has been received. The contract with Good Earth for the purchase of TreadSpread has not been signed to date. The owner of the company has recently had to focus on personal issues.

SafetyWeek – This week the second annual SafetyWeek campaign was launched. Meetings are being held with all employees to remind them of the care and caution they need to take daily.

Legislative budget hearings – Budget hearings are scheduled next week. Some of the focus of these hearings will be on the tire and bagging operations. Again this session, procurement reform legislation has been introduced. A hearing on a bill that would specifically impact MES is scheduled for January 27th.

Quarterly Leadership meeting – Next meeting is February 4th. The focus is customer service and there will be an outside speaker. Breakout sessions for certain employees will be conducted in the afternoon further addressing external customer service.

A question was asked whether due to the state's budget situation state agencies will be asked again to contribute funds. Mr. Howarth replied that he had not heard anything about this possibility.

AGENCY ACTIVITY REPORT

Mr. Sparkman highlighted a couple of items on the Report. MES is still trying to finalize the Oil Remediation Program project. The Howard County transfer station project is currently on hold. A final agreement with MPA for the Cox Creek project has been signed and sent to MPA for their signature.

FINANCIAL REPORT

Mr. Howarth reviewed the Financial Statements ending November 30, 2004. A question was asked about Somerset County costs in fiscal year 2005. MES tried to accrue all the costs in fiscal year 2004, but there were some additional costs carried over to fiscal year 2005.

PROCUREMENT

Mr. Sparkman reviewed Procurement Items 1, 2 and 3. Questions were addressed about why the procurement of the stone was not combined and how we estimate quantities. The procurements are separate because of different delivery requirements. Estimates are based on past experience. Mr. Sparkman also advised the members that for Procurement Item 3, Montgomery County has approved the additional cost for temporary labor. Mr. Howarth made the motion to approve Items 1-3 and Mr. Addison seconded.


Mr. Sparkman noted the Notifications that were sent to the Board prior to the meeting.

LEGAL REPORT

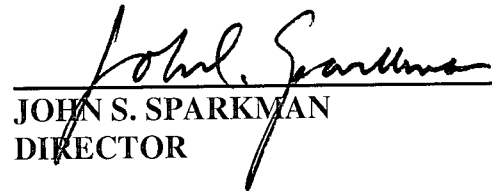
Mr. Coleman informed the Board that former employee Vince Gardina has signed a release of claims, which will settle the litigation. A settlement check will be issued from the Treasurer's Office since he filed his case under the State Tort Claims Act.

ADJOURNMENT

Prior to adjournment Mr. Snee commented on the State of the Agency report sent to the Board members. He expressed concern about the magnitude of employee retention and salary issues. Discussion was held about including in employment contracts a provision, which would restrict short-term employees from working for certain types of entities in the region. Mr. Coleman advised that limitations would vary from position to position and may not be enforceable. Mr. Sparkman adjourned the meeting at 1:40 p.m. The next meeting of the Board is Monday, February 28th at 2:30 p.m. at MES Headquarters.



BETH WOJTON
SECRETARY



JOHN S. SPARKMAN
DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-2
February 28, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 2:30 p.m. (Meeting scheduled)
2:32 p.m. (Meeting convened)

DIRECTORS PRESENT: John S. Sparkman, Chairman
B. Conway Gregory, Deputy Director
Beth Wojton, Secretary
Kenneth Howarth, Treasurer

DIRECTORS PARTICIPATING BY CONFERENCE CALL:
William B.C. Addison
Joseph F. Snee
Paul Comfort (joined at 2:40 p.m.)

DIRECTORS ABSENT: Lawrence D. Shubnell
Leslie Jackson Jenkins

OTHERS PRESENT: Sean Coleman, Esq.
Charles Madison
Mike Snovitch
Michael Wojton
Crystal Chissell, Esq.
Henry Cook
Andy Hallmark
Ted Bernhardt
Fred Davis
The following individuals attended a portion of the meeting :
Welford McLellan
David Foster

CALL TO ORDER

Mr. Sparkman called the meeting to order at 2:32 p.m.

INSPIRE AWARDS

Deputy Director Conway Gregory announced there were four Inspire Awards given out this month. David Foster, an engineer in Technical and Environmental Services, received an award for his effort to develop a new system allowing TreadSpread to meet American Disability Act guidelines.

Three employees from the Montgomery County Recycling Center were also recognized for their work in creating a new piece of equipment at their facility that will save money and downtime in the processing system. These employees, Mario Cosare, Larry Clark and David Wyatt, received their awards prior to the meeting during a special presentation at the facility.

MINUTES

Mr. Sparkman stated the Minutes of the meeting of January 24, 2005 had been reviewed and circulated in advance. Mr. Addison moved to approve the minutes of January 24th and Mr. Snee seconded the motion. The Board approved the Minutes.

DIRECTOR'S REPORT

Mr. Sparkman notified the board that this would be the last meeting for Mike Wojton, executive director for Environmental Operations. Mr. Wojton was retiring effective today after 36 years of state service. He spent 16 of those years at MES. Mr. Sparkman and the board wished him well in his future endeavors.

Mr. Sparkman also mentioned that the WAF project was proceeding as planned. He noted that BFI had agreed to include extra money in the agreement to satisfy Baltimore County's concerns about the increase in construction costs for the facility.

The director praised Ken Howarth, Henry Cook and Charles Madison for their efforts to address overhead recovery issues with the Port Administration. The agency will likely soon implement a new overhead rate for the Port that could mean between \$400,000 and \$600,000 in extra revenue for this year.

Finally, the director spoke about a bill (H.B. 109) before the state legislature that could impose additional reporting requirements on the agency for procurement. The bill would require greater reporting requirements to the Board of Public Works. Beth Wojton has testified at hearings for the bill and worked with the sponsor to include language that would be acceptable to the agency.

highlights of the program and also gave a history of how the program came to be. At the end of the presentation, Davis also announced that a new chief of Environmental Compliance would soon join the agency. This person would be tasked with following through on this program and being the chief promoter of environmental compliance at the agency. Mr. Snee asked that the Board be briefed at the next meeting on how the compliance activities will be funded.

The board was then asked to vote on a resolution to adopt the environmental compliance program. Mr. Howarth moved to adopt Resolution 05-02-1R and Mr. Addison seconded it. The board then voted unanimously to approve.

FINANCIAL REPORT

Mr. Cook presented this month's financial report that mainly centered on concerns related to overhead recovery and the agency's plan to address the issue. Cook discussed both long and short-term options to help improve overhead recovery.

Part of the overhead recovery concern has to do with open positions. More than 40 billable positions were open at the time of the meeting. Mr. Snee asked what the agency was doing to address these open positions. He asked that agency staff present a plan for this problem to the Board. Mr. Sparkman suggested this would be a good discussion at the next board meeting when the Human Resources committee is scheduled to meet prior to the full board meeting.

Mr. Snee also inquired about payment from Somerset County. Mr. Cook said the county has said a payment will be coming as soon as the county receives money it expects from the Maryland Department of the Environment.

Mr. Howarth presented Resolution 05-02-2R before the board during the financial report asking members to approve borrowing to finance and purchase major equipment for Prince George's County. Mr. Snee moved to accept the resolution and Mr. Comfort seconded the motion. The board unanimously approved the resolution.

PROCUREMENT

Mr. Sparkman reviewed Procurement Items 1, 2, 4,5 and 6. Mr. Snee made the motion to approve all the items that were reviewed and Mr. Addison seconded. The board voted unanimously to approve. Item 3 was withdrawn from consideration prior to the vote.

Mr. Sparkman noted the Notifications that were sent to the Board prior to the meeting.

Mr. Snee asked if MES was involved in a project by which MPA would accept for disposal overburden material generated by the Arundel Corp. Mr. Madison advised that he has heard of such a proposal, but to his knowledge MPA has made no decision on the proposal. Mr. Snee asked to be advised if MES becomes involved.

AGENCY ACTIVITY REPORT

Mr. Sparkman noted that the agency activity report had been circulated and asked if there were any questions. No further discussion was held on the report.

SPECIAL REPORTS

Tire Facility: Mike Snovitch updated the board about the tire facility's status and plans for the future. In his presentation, Snovitch noted that the key to success at the facility was for production to increase. Snovitch talked about the importance of installing new equipment at the plant to accomplish this goal.

This had been discussed at previous meetings. However, the board decided to wait until the Good Earth contract was in place before purchasing the additional equipment. If ordered right away, the equipment would be operational in July 2005.

Snovitch gave a positive outlook for sales in the coming year. A new contract has been signed with Good Earth for TreadSpread™. The contract establishes a price that will meet the agency's needs but allows the agency to seek other partners should Good Earth not take the amount of material they are scheduled to purchase. Good Earth said that it would like to purchase 20 million pounds of TreadSpread™ over the next two years, but there is no "take or pay" provision in the contract.

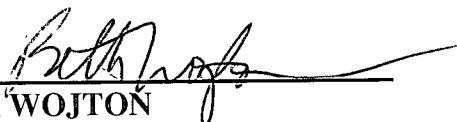
Mr. Shubnell was not present but previously asked Deputy CFO Henry Cook to pose a couple of questions. First, will the additional equipment give a return on investment in 3-5 years? He also asked how much longer the agency could cash flow the losses at the tire facility.

Mr. Addison asked if the equipment would have to be specially built. He also inquired as to why we hadn't ordered this equipment earlier. It was reiterated that the decision was made to wait on the Good Earth contract. Mr. Addison suggested that it was time to order the equipment now. There was consensus by the board that the equipment should be ordered immediately.


Environmental Compliance: Special Assistant to the Chief of Staff Fred Davis presented an overview of the agency's draft environmental compliance program. His report discussed

ADJOURNMENT

Mr. Sparkman adjourned the meeting at 3:56 p.m. The next meeting of the Board is Monday, March 28th at 3:30 p.m. at MES Headquarters.



**BETH WOJTON
SECRETARY**



**JOHN S. SPARKMAN
DIRECTOR**



Robert L. Ehrlich, Jr.
Governor

John S. Sparkman
Director

**BOARD OF DIRECTORS
MINUTES
MEETING 05-3
March 28, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 3:30 p.m. (Meeting scheduled)
3:41 p.m. (Meeting convened)

DIRECTORS PRESENT: John S. Sparkman, Chairman
Kenneth Howarth, Treasurer
Lawrence D. Shubnell
Leslie Jackson Jenkins, Esq.
William B.C. Addison (left at 4:28 p.m.)
Paul Comfort, Esq.

DIRECTORS ABSENT: Beth Wojton, Secretary
Joseph F. Snee

OTHERS PRESENT: Sean Coleman, Esq.
Charles Madison
Mike Snovitch
Nancy Voorhees Balenske
Crystal Chissell, Esq.
Henry Cook
Andy Hallmark
Fred Davis
The following individuals attended a portion of the meeting :
Welford McLellan
Rob McIntyre
Patricia Tantum

CALL TO ORDER

Mr. Sparkman called the meeting to order at 3:41 p.m.

INSPIRE AWARDS

Patricia Tantum, Chairman of the Inspire Award committee announced the awards for extraordinary service to Robert McIntyre, Diane Bauer and Jeff Smith. These employees responded to a water problem at Chesapeake City's South Water Treatment Plant. Mr. McIntyre accepted the awards on behalf of his employees.

MINUTES

Mr. Sparkman stated the Minutes of the meeting of February 28, 2005 had been reviewed and circulated in advance. Ms. Jenkins moved to approve the minutes and Mr. Addison seconded the motion. The Board unanimously approved the Minutes.

DIRECTOR'S REPORT

Mr. Sparkman reported on the following items:

The WAF project is proceeding as planned. Groundbreaking is scheduled for April 25th.

Mr. Steve Tomczewski has been selected as Executive Director for Environmental Operations. He will be joining MES on March 29th. Mr. Jon Kallen will be joining MES as Chief of Environmental Compliance effective the 28th. Funds will be allocated from throughout the agency's projects for Mr. Kallen's position.

Results of a customer satisfaction survey were distributed to the members. The survey will be reviewed and discussed during next months' meeting.

A risk factor assessment exercise involving two (2) teams of MES employees is underway. The teams are analyzing a proposed project. On April 5th the teams will present their analysis and assessment to a panel of judges.

AGENCY ACTIVITY REPORT

Mr. Sparkman noted that the Agency Activity Report had been circulated and asked if there were any questions. Mr. Shubnell asked if there were any projects that should be highlighted. Mr. Sparkman advised that the listed projects were typical MES projects. No further discussion was held on the report.

EQUIPMENT RESOLUTION

For voting purposes parts of the Agenda were rearranged. Mr. Howarth introduced Resolution 05-03-1R. The Resolution amends the resolution approved in February to finance the purchase of a compost screen deck system. Prince George's County requested a modification to the equipment that will increase the cost by \$6,000.00. Mr. Howarth made the motion to approve Resolution 05-03-1R. Mr. Addison seconded. The motion was approved. Ms. Jenkins abstained from the vote.

PROCUREMENT

Mr. Sparkman reviewed Procurement Items 1 and 2. Due to a math error by the contractor the contract amount for Procurement Item 2 is corrected to \$1,418,815. Mr. Shubnell made the motion to approve the items; Mr. Comfort seconded. The items were approved unanimously.

Mr. Howarth requested approval from the Board to finance the purchase of the 4x4 fleet pickup truck reported as the last item in the Notifications. Discussion was held. Mr. Comfort made the motion to approve the request to finance the purchase of the pickup truck, and Mr. Shubnell seconded. The request was approved unanimously.

SPECIAL REPORTS

Tire Facility: Mike Snovitch noted the March 23, 2005 marketing plan memo from Mr. Ted Bernhardt, and the summary of sales and backlog contained in the Board's notebooks. Questions and discussion was held regarding administrative expenses, MDE grant assistance, the equipment purchase, delivery date, warranties, and restructuring the makeup of the Facility's employees.

MPA Overhead Recovery: Deputy Chief Financial Officer Henry Cook presented the status of MES's work with MPA to address a new cost recovery from MPA projects. MES expects written approval of the new methodology within the week. This effort will result in additional overhead recovery in fiscal year 2005 of \$685,000. Mr. Sparkman thanked Mr. Cook, Mr. Howarth and Mr. Madison for their efforts.

FINANCIAL REPORT

Mr. Cook presented this month's financial report ending February 28, 2005. Mr. Cook also reviewed projected BEST funding for fiscal year 2005. Questions were addressed.

Mr. Howarth reviewed the 401(k) plan amendment. This change is a result of a Tax Code amendment and Department of Labor final regulations and serves as a compliance notice.

LEGAL REPORT

Mr. Coleman informed the Board that MES has been served with a lawsuit regarding a rented crew boat and alleged damages to the vessel.

ADJOURNMENT

Mr. Sparkman adjourned the meeting at 4:32 p.m. The next meeting of the Board is Thursday, April 28th at 10:30 a.m. at MES Headquarters.


BETH WOJTON
SECRETARY


JOHN S. SPARKMAN
DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-4
April 28, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 10:30 a.m. (Meeting scheduled)
10:30 a.m. (Meeting convened)

DIRECTORS PRESENT: John S. Sparkman, Chairman
Kenneth Howarth, Treasurer
Beth Wojton, Secretary
Lawrence D. Shubnell
Joseph F. Snee, Esq.
Leslie Jackson Jenkins, Esq.
William B.C. Addison
Paul Comfort, Esq.

DIRECTORS ABSENT: None

OTHERS PRESENT: Sean Coleman, Esq.
Henry Cook
Charles Madison
Mike Snovitch
Crystal Chissell, Esq.
Steve Tomczewski
Andy Hallmark
Fred Davis

CALL TO ORDER

Mr. Sparkman called the meeting to order at 10:30 a.m.

INTRODUCTIONS AND ANNOUNCEMENTS

Mr. Sparkman introduced Mr. Steven Tomczewski, the new Executive Director of the Environmental Operations Group.

Mr. Sparkman announced that Henry Cook has been promoted to Chief Financial Officer.

MINUTES

Mr. Sparkman stated the Minutes of the meeting of March 28, 2005 had been reviewed and circulated in advance. Mr. Snee moved to approve the minutes and Mr. Addison seconded the motion. The Board unanimously approved the Minutes.

POLICY ON INFORMATION TECHNOLOGIES

Mr. Coleman called attention to his memorandum of April 25, 2005, proposing a modification to the agency Policy on Information Technologies. He reviewed the proposed modification and its purpose. Mr. Shubnell asked about the agency's Policy, and Mr. Coleman responded. Mr. Howarth then moved to approve the modification of the MES Policy on Information Technologies, as described in Mr. Coleman's memorandum. Ms. Jenkins seconded the motion, and it was unanimously approved by the Board.

PROCUREMENT

Mr. Sparkman reviewed Procurement Items 1 and 2. Mr. Shubnell made the motion to approve the items; Mr. Addison seconded. The items were approved unanimously.

EXECUTIVE SESSION

At 10:35 a.m., upon motion of Mr. Snee, seconded by Mr. Addison, unanimously approved, the Board voted to go into executive session to discuss the employment and compensation of employees, as permitted under §10-508(a)(1) of the State Government Article. Also present during the executive session was Mr. Coleman. Mr. Sparkman offered to submit to the Board of Directors his resignation as Director, and requested a severance in an amount equal to one year's salary. At 10:48 a.m. Mr. Sparkman left the executive session. Following extended discussion, Ms. Jenkins made a motion for the Board to (i) accept Mr. Sparkman's resignation, to be effective June 30, 2005, provided that Mr. Sparkman execute a mutually acceptable release agreement with the agency, and that Mr. Sparkman continue to faithfully and diligently perform his duties as Director until his resignation is effective; (ii) pay to Mr. Sparkman a severance equal to one year's salary, payable at Mr. Sparkman's discretion by either a lump sum on July 1, or in bi-weekly installments; and (iii) authorize Mr. Snee to execute the release agreement on behalf of the agency. Mr. Addison seconded the motion. The Board then voted 6 -1 in favor of the motion, with Mr. Comfort voting against the motion. Mr. Sparkman was not present and did not participate in the discussion or the

vote. At 11:47 a.m. Mr. Sparkman returned to the meeting. He was informed of the motion adopted by the Board, and he stated he would accept the terms of the motion.

The Board then recessed for approximately 7 minutes. Following the recess, and still in executive session, Ms. Wojton presented the Board with the results of a salary survey conducted for the agency. The Board then discussed a proposed implementation strategy for the results of the salary survey. At 12:22 p.m., upon motion of Mr. Shubnell, seconded by Mr. Addison, the Board voted unanimously to return to open session.

MES SALARY SCALE

Mr. Snee moved to establish the agency's salary scale in accordance with the document entitled "Revised Salary Scale" dated April 28, 2005, to be effective the first day of the first full pay period in July, 2005. Ms. Jenkins seconded the motion, and it was unanimously approved.

SPECIAL REPORTS

Tire Facility: Mike Snovitch reported that new equipment should be installed and ready by July 1. The final cost should be under \$180,000. A continuing challenge is having sufficient manpower available. The project is booked with orders, but there are not enough employees to do all the work. Four new people are starting work next week: two will handle maintenance and two will be laborers.

Mr. Snovitch also reported on an operations issue. He displayed a process diagram of the tire project and directed the Board's attention to the Super Chopper. Last week the Super Chopper began making strange noises. The facility staff checked the oil in the motor and found metal shavings. The Super Chopper seems to be functioning properly, but more testing is being done. If the motor needs to be removed for service, it will have to be sent to a repair shop in Ohio, and the cost may be in the range of \$50,000 to \$60,000. The motor is Swedish and cannot be easily replaced.

Mr. Snovitch then reviewed a Summary of Sales and Backlog. He stated that MES could have sold more material, but it didn't have the material available to be sold. The Project is currently estimated to lose approximately \$1.191 million for the fiscal year, which ends June 30, 2005. That compares to a loss of \$1.7 million incurred last fiscal year. Mr. Snovitch stated that the loss would not have been as great if the Project had more material to sell. He further stated that sales are not the problem; production capability is the biggest problem.

Strategic Direction: Ms. Wojton updated the Board on the status of the implementation of the agency's Strategic Direction. Much of the recent focus has been on reviewing the agency's human resources policies and programs. Upon review, it was determined that in order to achieve

**BOARD OF DIRECTORS MINUTES
MEETING 05-4
APRIL 28, 2005
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the Agency's strategic directions a comprehensive human resources reform is necessary. The existing programs were appropriate when the agency was transitioning from the State Personnel Management System, but they need to be modified to implement the new Strategic Direction. The Executive Staff will be meeting to develop recommendations for updating pay for performance, salary administration policies and the BEST programs, with the goal of submitting those recommendations to the Board prior to the end of the current fiscal year. The Board agreed that the agency should proceed with the schedule presented by Ms. Wojton.

ADJOURNMENT

Mr. Sparkman adjourned the meeting at 12:47 p.m. The next meeting of the Board is tentatively scheduled for Thursday May 19 at 9:30 a.m. at MES Headquarters.


BETH WOJTON
SECRETARY


JOHN S. SPARKMAN
DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-5
May 19, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 9:30 a.m. (Meeting scheduled)
9:32 a.m. (Meeting convened)

DIRECTORS PRESENT: John S. Sparkman, Chairman
Kenneth Howarth, Treasurer
Beth Wojton, Secretary
Lawrence D. Shubnell
Joseph F. Snee, Esq.
Leslie Jackson Jenkins, Esq. (arrived at 9:37 a.m.)
William B.C. Addison
Paul Comfort, Esq. (arrived at 9:36 a.m.)

OTHERS PRESENT: Sean Coleman, Esq.
Henry Cook
Charles Madison
Mike Snovitch
Crystal Chissell, Esq.
Steve Tomczewski
Nancy Voorhees Balenske
Fred Davis
Ted Bernhardt
These staff members attended a portion of the meeting :
Welford McLellan
Dan Guyer
Brad Dinder
Nancy Faulkner
Larry Clark
Stephanie Maihan
Dave Wyatt

CALL TO ORDER

Mr. Sparkman called the meeting to order at 9:32 a.m.

INSPIRE AWARDS

Mr. Sparkman presented awards for innovative ideas to Dan Guyer, Brad Dinder, Nancy Faulkner, Larry Clark, and Stephanie Maihan. Mr. Dave Wyatt was presented with an extraordinary service award. Mr. Tomczewski will make presentations in the field for extraordinary service to Mario Cosare, Brian Souders, Fred Delpo, David Raymond, Vanzel Wattley, Lester DeMotte, and Mike Sellner.

MINUTES

Mr. Sparkman stated the minutes of the meeting of April 28, 2005 had been reviewed and circulated in advance. Mr. Snee moved to approve the minutes and Mr. Addison seconded the motion. The Board unanimously approved the minutes.

DIRECTOR'S REPORT

Mr. Sparkman reported on the following items:

The Audit Committee during a recent meeting requested the creation of a complaint hotline. This hotline is to be used to report incidences of environmental noncompliance, abuse and waste. A communications campaign will be launched.

Mr. Sparkman directed the Board to the letters in their notebooks regarding the Town of Centreville project, recent television coverage and the Service's response to its Customers. He provided background on the project and the result of a meeting held with MDE on May 16, 2005. A copy of a letter from MDE summarizing the meeting is also in the notebook. Questions were addressed and discussion held. Mr. Comfort passed out copies of recent news articles. The Board members recommended MES initiate an aggressive public relations response with the local media. The general consensus for the best approach is to buy a full-page advertisement in the Easton Star Democrat. Mr. Sparkman also advised that the Governor's Office has set up a task force of stake-holders involved with the Centreville project.

Mr. Sparkman highlighted a couple of projects in the Agency Activity Report. The MDE Oil Remediation project has been accepted. Discussions are ongoing with Howard County utilizing MES as the controlling authority for shared septic facilities.

Mr. Shubnell expressed his view that many of the projects are small and growth has been incremental. Mr. Sparkman responded that historically, MES business has grown mostly incrementally, noting that in the preceding six years virtually all overhead revenue growth has come from growth in existing projects, notably ECI, MCI and Dorsey, with the substantial additional growth of \$685,000 this year from MPA. The other significant area of overhead

revenue growth has been from the tire/bagging project, although that in itself has been a net loss. Mr. Sparkman emphasized the importance of the Agency periodically taking on significant new projects, although he emphasized that these take long periods of time to identify and bring to fruition. Mr. Shubnell asked whether anything is proceeding from the business opportunities summit the Agency recently held, or if that is now on hold; Mr. Sparkman responded that it is on hold. Mr. Snee asked whether MES is aware of a possible opportunity with the City of Aberdeen and Aberdeen Proving Ground. Mr. Tomczewski responded that he and other staff have met several times with the Harford County Director of Public Works, and another meeting is set for next week.

SPECIAL REPORTS

Tire Facility: Mike Snovitch's presentation included the tire facility's past, present and future, with emphasis on the amount of investment in the plant v. its potential for eventual profitability. Lengthy discussion followed with requests from the board members for information on cash flow impacts, fixed costs, options for additional space and storing inventory, optimal parameters for a facility site, lease status, and the possibility of funding from the Tire Fund and required legislation. This information will be gathered and reported back to the Board. Mr. Snee asked staff to look at potential for expansion of the project as one way of achieving profitability. Mr. Shubnell observed that at some point the Agency might have to consider cutting its costs through an unloading of the project. Mr. Sparkman noted that the legacy fixed costs likely limit the Agency's ability to terminate the project in the foreseeable future, as it would be more costly to terminate the project than to try to bring it to a point of profitability. Mr. Shubnell responded that the Agency must consider the benefits of a one-time loss as opposed to continued losses. At this point, Mr. Snovitch's "best-case" scenario for the Tire Facility is that it will only break even at some point in the future.

Mr. Howarth suggested that MES request permission from DBM to retain all State unearned revenues for the current fiscal year. There were no objections raised by the Board.

Human Resources Reform: Ms. Wojton briefed the Board on the Service's comprehensive human resources reform. An executive retreat was held May 4th to develop directions/policy guidelines/philosophies for base compensation, incentive pay and salary administration policies. Ms. Wojton presented and reviewed the suggested policy revisions. Questions were addressed and discussion held. Mr. Comfort asked about what appeared to him to be an emphasis on changes to executive compensation; Mr. Sparkman responded that the proposal's only recommended change affecting executive compensation would be the addition of performance goals for executive incentive pay. Mr. Comfort said that the content and timing of the recommendations appeared inappropriate, given the impending change in leadership of the Agency, and asked that the matter be referred to the Board's Human Resources Committee. Ms. Wojton reminded the Board that at its previous meeting, the Board had requested the proposals be presented at this meeting.

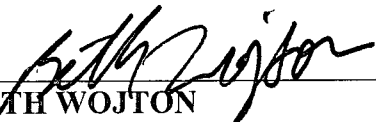
Mr. Howarth requested signature changes on the checking account. Discussion was held about one signature versus two. The Board recommended that only one (1) signature be required and that signature be the Chief Financial Officer's. Mr. Shubnell made the motion to approve the signature change and Ms. Jenkins seconded. Seven members approved the motion and Mr. Comfort abstained.

PROCUREMENT

Mr. Sparkman reviewed Procurement Item 1. Mr. Comfort made the motion to approve the item; Mr. Shubnell seconded. The item was approved unanimously. Mr. Snee asked about the purchase price of the two SUV's in the Notifications. Mr. Sparkman responded that these SUV's are Jeep Liberty's.

ADJOURNMENT

Mr. Sparkman adjourned the meeting at 11:51 a.m.



BETH WOJTON
SECRETARY

Abstained

JAMES M. HARKINS
ACTING DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-7
July 28, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 9:00 a.m. (Meeting scheduled)
9:04 a.m. (Meeting convened)

DIRECTORS PRESENT: James M. Harkins, Acting Director
Beth Wojton, Secretary
Lawrence D. Shubnell
Leslie Jackson Jenkins, Esq. (arrived at 9:12 a.m.)
William B.C. Addison
Paul Comfort, Esq.
Joseph F. Snee, Esq. (via conference call)

OTHERS PRESENT: John O'Neill
Chris Garrigan
Sean Coleman, Esq.
Henry Cook
Charles Madison
Mike Snovitch
Crystal Chissell, Esq.
Steve Tomczewski
Nancy Voorhees Balenske

These staff members attended a portion of the meeting :
Welford McLellan
Nanci Koerting

CALL TO ORDER

Mr. Harkins called the meeting to order at 9:04 a.m. and welcomed the Board to the meeting. Mr. Harkins began the meeting by stating that he is enjoying his new job immensely.

CUSTOMER SERVICE AWARD

Mr. Harkins presented a special Customer Service Award to Nanci Koerting in recognition of the Montgomery County's Yard Trim Composting Facility receipt of a SWANA Silver Award for 2005. Ms. Koerting accepted the award for she and her site personnel.

MINUTES

Mr. Harkins requested approval of the minutes of May 19, 2005. Mr. Comfort moved to approve the minutes and Mr. Addison seconded the motion. The Board approved the minutes with Mr. Harkins abstaining.

DIRECTOR'S REPORT

Mr. Harkins reported on the following items:

He recently attended a meeting of Eastern Shore mayors. The mayors had good things to say about MES.

He has been visiting facilities around the state, including the Tire Facility and will continue to visit facilities and meet the employees. He is specifically asking the employees to tell him what is right with their facilities, and with MES, and what needs improvement. Mr. Harkins has been especially impressed by the passion of MES employees.

SPECIAL REPORTS

Tire Facility: Mr. Harkins began the report by expressing his concern about the financial status of the Facility and later addressed areas that are going to be reviewed to lower costs, increase funding and raise the profile of the project. Mr. Snovitch's presentation included the follow up requested during May's meeting regarding optimal parameters for the facility, the present system's capability, new screen, sales plan, and a financial report. In order to move the project to another location, the agency would incur a net cost of at least \$1.2 million, which does not include costs related to termination of existing building lease obligations. Mr. Harkins advised that MES is working hard to maximize the efficiency of the site, including analyzing the possibility of constructing a pole barn to store tires.

Mr. Snovitch reported that product sales are going well. MES is brokering sports field product because it cannot produce enough on its own. Mr. Shubnell asked how MES ensures quality control of the brokered material. Mr. Snovitch responded that MES staff inspects the plants where the brokered material is produced, and they also inspect the material when it is delivered. MES has had no problems to date with the quality of brokered material.

BOARD OF DIRECTORS MINUTES
MEETING 05-7
JULY 28, 2005
PAGE 3

Mr. Harkins will be meeting with Kendl Philbrick, Secretary of MDE, to discuss financial support for the project from the Scrap Tire Fund. Since MES is always ready to accept scrap tires from State cleanup sites, the State needs to step up and support the project financially. Mr. Shubnell suggested that MES should seek a multi-year financial commitment from MDE, not just a single year. Mr. Comfort praised MES for seeking funding from MDE, since the project ought to be supported by the State.

Additional questions were addressed and discussion held. Mr. Shubnell requested the PowerPoint presentation be emailed. Mr. Comfort informed the Board that MES will be co-hosting a reception with Queen Anne's County during MACO and this will be an opportunity to display the crumb rubber products. Mr. Harkins also stated during the course of the presentation that he would be seeking assistance from Comptroller Schaefer in urging State agencies to utilize products from the Tire Project.

Introductions: During the course of the discussion on the Tire Project Mr. Harkins introduced John O'Neill, who will become Chief of Staff on August 1. He also introduced Chris Garrigan, who is MES' new Director of Communications. Ms. Garrigan will be reviewing the Tire Project's marketing activities.

FINANCE REPORT

Mr. Cook presented the Pre-Audit Report for 2005. Questions were addressed.

Mr. Tomczewski previewed the proposed Intent to Finance Resolution to handle expanded processing of yard waste at the Prince George's County Composting Facility. MES will be investigating Aerated Static Pile (ASP) technology that will allow the Regional Composting Facility to increase the volume of yard waste composted by reducing the composting cycle. Mr. Cook presented Resolution 05-07-1R to declare the agency's intent to finance improvements to Western Branch. Mr. Shubnell made the motion to approve the Resolution; Mr. Addison seconded. The Board approved the motion. Ms. Jackson abstained.

PROCUREMENT

Mr. Harkins introduced Procurement Item 1. Mr. Comfort made the motion to approve the item; Mr. Addison seconded. The item was approved unanimously. Mr. Shubnell asked about the client for the purchase order for Rocky Gap in the Notifications. The client is the Department of Natural Resources.

EXECUTIVE SESSION

At 10:34 a.m., upon motion of Mr. Comfort, seconded by Mr. Addison, unanimously approved, the Board voted to go into executive session to discuss the employment and compensation of employees, as permitted under §10-508(a)(1) of the State Government Article. Also present during the executive session was Mr. Coleman. During the Executive Session Mr. Harkins distributed a draft organization chart, which he intends to implement, and he explained to the Board his rationale for the proposed changes. Mr. Harkins thanked Ms. Wojton for her kindness and assistance during his transition. Ms. Wojton will be resigning her position as Secretary of MES, and will be reassigned from the position of Chief of Staff to Chief of Business Development.

Mr. Coleman presented to the Board MES Resolution 05-07-2R, to establish the compensation for the Secretary of the Maryland Environmental Service. Mr. Comfort moved to approve the resolution, and Mr. Addison seconded the motion. The Board then voted unanimously to adopt the resolution.

At 11:15 a.m., the Board returned to open session, and Mr. Harkins then adjourned the meeting.



BETH WOJTON
SECRETARY



JAMES M. HARKINS
ACTING DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-8
August 18, 2005**

LOCATION: Clarion Resort Hotel
Conference Room III
10100 Coastal Highway
Ocean City, Maryland

TIME: 8:00 a.m. (Breakfast)
8:34 a.m. (Meeting convened)

DIRECTORS PRESENT: James M. Harkins, Acting Director
Beth Wojton, Secretary
Lawrence D. Shubnell
Leslie Jackson Jenkins, Esq.
William B.C. Addison
Paul Comfort, Esq.
Joseph F. Snee, Esq.

OTHERS PRESENT: John O'Neill
Sean Coleman, Esq.
Henry Cook
Charles Madison
Mike Snovitch
Jerald Wheeler
Steve Tomczewski
Nancy Voorhees Balenske

CALL TO ORDER

Mr. Harkins called the meeting to order at 8:34 a.m.

MINUTES

Mr. Harkins requested approval of the minutes of July 19, 2005. Mr. Shubnell moved to approve the minutes and Mr. Snee seconded the motion. The minutes were unanimously approved.

DIRECTOR'S REPORT

Mr. Harkins thanked Mr. Comfort for his idea/suggestion that MES sponsor a reception at the MACO Conference for MES clients. He cited examples of the roles and value these types of functions lend to relationships with our customers and clients. The reception held the night before was a great success. He also thanked Chris Garrigan for her assistance with the arrangements and the reception's appearance.

Mr. Harkins informed the Board that Blackberry's had been purchased for the executive staff of the agency. The goal is to bring additional technology and efficiency to MES.

Tire Facility – preliminary meetings have been held with the Maryland Department of the Environment. At these meetings examples were presented about ways MDE could financially assist MES so as to insure the success of the Tire Facility. Questions were addressed. The suggestion was made to invite MDE Secretary Philbrick and Deputy Secretary Jacobson to a future board meeting.

MDE - Mr. Harkins informed the Board that MES is assisting MDE with review of a new technology that can be used to remove MTBE from groundwater. A pilot program is being developed and MES has suggested a location for the project.

Hart-Miller Island – A ribbon cutting ceremony was held for the completion of the South Cell restoration project. MES was praised by numerous officials for its work at the Island.

Introduction - Mr. Harkins introduced and welcomed Jerry Wheeler to the Board and spoke of his accomplishments in Harford County. Mr. Wheeler expressed his pleasure at joining MES and looks forward to his role as Executive Director, Water and Wastewater.

Business Development - Mr. Harkins asked Ms. Wojton to review her work on the development of a Business Plan. She outlined a three-part plan: 1) establish a good foundation by correcting existing deficiencies in MES' business development; 2) review of services to insure that MES is effectively providing the services requested; and 3) expanding business. The plan will be presented to the Executive Directors prior to moving forward with it.

SPECIAL REPORTS

Tire Facility: Mr. Snovitch provided an update of the Facility. The new equipment has been installed. He is hoping the equipment will eventually average 4000 lbs/hr. Before the new equipment production had been at about 2500 lbs/hr. It is now up to about 3300 lbs/hr. Production should improve as the weather turns cooler, since heat impacts the equipment. He addressed production, sales, and marketing efforts. Sales of Tread Spread are down, which he believes is due to the hot weather. People have not been doing much yard work. MES didn't

**BOARD OF DIRECTORS MINUTES
MEETING 05-8
AUGUST 18, 2005
PAGE 3**

achieve July sales estimates. All prices will increase October 1. Questions were addressed about pricing. Mr. Addison made the suggestion that when working with Southern States that MES be active with the product's promotion and make sure the product is visible to customers.

Mr. Snovitch informed the board that the USDA cotton gin has arrived at the Facility. An MES engineer is doing preliminary engineering for a site on which to install it. USDA will assemble it. The use of the cotton gin and the extraction of the fiber will mean the tires will be completely recycled. MES has potential buyers for the fiber.

He also advised the Board that the Mid-Atlantic Golf Association was contacted about the use of crumb rubber on golf courses. The Association had already held their annual meeting. MES will continue to maintain contact with them. Questions were addressed. Mr. Comfort suggested that MES contact the Counties Recreation and Parks Association and be placed on their agenda during their annual meeting(s).

Regarding a question about preventative maintenance, Mr. Snovitch replied that the Facility needs additional laborers and maintenance individual. There was also discussion about the morale of employees at the Facility and a suggestion to hold a Board meeting there. Mr. Harkins suggested it be scheduled after fruitful discussions with MDE.

FINANCE REPORT

Mr. Cook handed out a request to make certain reallocations to the Unrestricted Net Assets. He explained the purpose of this annual reallocation is to re-build the reserves. Questions were addressed. Mr. Shubnell made the motion to approve the reallocations; Ms. Jenkins seconded. The motion passed unanimously.

Mr. Cook advised the Board that he is deferring approval of the Resolution to finance the mobile tub grinder in order to re-evaluate certain financial assumptions. He also noted that the Pre-Audit financial statements are included in the Board's binders.

Mr. Shubnell made the suggestion that a multi-year chart of net assets be prepared to assist with our funding discussions with MDE.

PROCUREMENT

Mr. Harkins noted the Notifications Report in the binders. There were no questions.

LEGAL REPORT

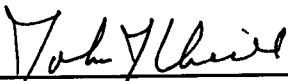
Mr. Coleman stated that there was nothing out of the ordinary to report.

MISCELLANEOUS

Mr. Addison informed the Board that when he was in the Town of Upper Marlboro recently that there was a distinct odor. He wondered if it was possibly emanating from Western Branch. Ms. Jenkins advised that more likely the odor was from a nearby WSSC wastewater treatment facility. Mr. Tomczewski said he would investigate.

At 9:48 a.m., Mr. Shubnell made the motion to adjourn the meeting; Mr. Addison seconded. The next meeting is scheduled for September 29th.

BOARD OF DIRECTORS MINUTES
MEETING 05-8
AUGUST 18, 2005
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JOHN O'NEILL
SECRETARY



JAMES M. HARKINS
ACTING DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-9
September 29, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 9:30 a.m. (Meeting scheduled)
9:31 a.m. (Meeting convened)

DIRECTORS PRESENT: James M. Harkins, Acting Director
John O'Neill, Secretary
Lawrence D. Shubnell
Leslie Jackson Jenkins, Esq.
William B.C. Addison
Paul Comfort, Esq.
Joseph F. Snee, Esq. (left at 11:10)

OTHERS PRESENT: Sean Coleman, Esq.
Henry Cook
Mike Snovitch
Jerald Wheeler
Steve Tomczewski
Nancy Voorhees Balenske
Joe Zimmerman
Chris Garrigan
Rex Lloyd
Beth Wojton
Hament Patel (attended a portion of the meeting)
Patrice Stanley (attended a portion of the meeting)
Welford McLellan (attended a portion of the meeting)
Laureen Toney (attended a portion of the meeting)
Liz Pluebell (attended a portion of the meeting)
Mike Stephens, Clifton Gunderson (attended a portion of the meeting)
Owen Ward, Clifton Gunderson (attended a portion of the meeting)

CALL TO ORDER

Mr. Harkins called the meeting to order at 9:31 a.m.

MINUTES

Mr. Harkins requested approval of the minutes of August 18, 2005. Mr. Snee moved to approve the minutes and Mr. Addison seconded the motion. The minutes were unanimously approved.

INSPIRE AWARDS & CUSTOMER SERVICE AWARDS

Mr. Harkins presented Inspire Awards to Rex Lloyd, Robert Thompson, Rebecca Wilkins, and Donna Edmonds for the development of a flat billing rate for BWI and other MES projects. Robert Forsyth accepted on behalf of Ric Hummer and Mike Bardoll an Inspire Award for their work to upgrade a lift station at Foxville Water Treatment Plant, Camp David. Greg Swartz was presented with an Inspire Award for his work at the Centreville facility. Mr. Harkins presented an Inspire Award to Holly Miller for taking on additional responsibilities at Cox Creek in the absence of a site supervisor. Mr. Harkins presented Al Razik with an award for his work on behalf of a client, DC WASA and WSSC.

Mr. Harkins presented a special Customer Service Award to John Slater in recognition of the work of MES staff at Montgomery County's Materials Recycling Facility, which received a SWANA Gold Award for 2005.

Ms. Patrice Stanley, MES' Minority Business Enterprise liaison presented to Mr. Harkins and the Board on behalf of the Procurement office a Gold Service Award from the Governor's Office of Minority Affairs for the agency's outreach efforts. This award was given to MES during a recent MBE Procurement Summit.

Mr. Harkins read and presented a Resolution honoring Beth Wojton for her service to the Board of Directors as Secretary and for her various roles in the agency.

AUDIT REPORT

Mr. Cook introduced Hament Patel, Laureen Toney and Liz Pluebell from Finance who were instrumental in assisting throughout the audit process. Mr. Cook then introduced Mike Stephens and Owen Ward from the accounting firm of Clifton Gunderson, the audit firm under contract with MES. Mr. Stephens reported that the financial statements were reviewed in detail with the Board's Audit Committee. The Board has the audit reports and he gave a brief overview of the report, the management letter and the letter to the Board of Directors. The auditors noted a couple of comments regarding a segregation of duties in the Information Technology division and risk assessment with regard to the agency's headquarters property joint venture. The effective use of MES's internal auditor was also discussed. The auditor suggested that the

internal auditor report directly to the Audit Committee. Mr. O'Neill cautioned that it would be difficult for the Audit Committee to provide day-to-day supervision of the internal auditor since they are not in the building each day. However, he believes it would be appropriate for the Audit Committee to give assignments to the internal auditor, and receive his reports. Mr. Shubnell also stated that he was not in favor of making any managerial changes with respect to the internal auditor, but he wants the Audit Committee to be more involved in assigning work to the internal auditor. He also wants the internal auditor to provide an annual work plan to the Audit Committee, and for the Committee to focus its attention on risk management issues. Questions were addressed. During this time Mr. Shubnell handed out the Audit Committee Meeting Minutes. Mr. O'Neill informed the Board that the Tire Facility would be audited as part of the periodic special project audits performed.

DIRECTOR'S REPORT

Mr. Harkins introduced Joe Zimmerman as the new treasurer. Mr. Zimmerman spoke to his background in the accounting and finance field working for Queen Anne's and Frederick Counties.

Mr. Harkins addressed the following topics:

Energy performance contracts – Energy efficiency is being reviewed at 7 state-owned treatment plants. Mr. Harkins hopes to expand this effort to more wastewater treatment facilities.

Corsica River project – MES continues to work with the upgrade of the Centreville facility.

Annie's Playground – MES volunteers are participating in building this playground in Harford County. TreadSpread™ will be used.

Chicken litter – The Maryland Department of Energy and Department of Agriculture have contacted MES regarding participation in a technical evaluation of a proposal from a company in England that wants to burn chicken litter. Questions were addressed. MES has participated in previous tests and evaluations of poultry litter.

Mr. Harkins announced that flu shots would be given on October 21st at headquarters. The first 200 are free. MES will be attending the Maryland Rural Summit being held in October. An invitation was extended to Board members for a reception at the Maryland Municipal League Fall conference in October in Ocean City.

SPECIAL REPORTS

Tire Facility: Mr. Snovitch provided an update of the Facility. The cotton gin has been assembled and is in place by employees of the U.S. Department of Agriculture. He addressed production, sales, and marketing efforts. A year ago the facility could not produce enough material to meet costs. Production is now up to 4000 lbs/hr., and sometimes hits 5500 lbs/hr. All "fine" products are being sold, and MES must use a broker to obtain additional material to meet its obligations. TreadSpread™ has not sold as well as anticipated, but he believes that one-half to one million pounds of product will be sold in January to a single buyer. Questions were addressed. A meeting was held with the Secretary of Budget, a Deputy Chief of Staff from the Governor's Office, and Jonas Jacobson, Deputy Secretary of MDE. Options for State financial assistance were discussed. There were enough questions that MES will be getting back to the parties attending the meeting. A meeting with Mr. Jacobson is scheduled for next week. Mr. Comfort suggested an exit strategy be prepared.

FINANCE REPORT

Mr. Cook reviewed the highlights of the financial report of the first two (2) months of fiscal year 2006.

Mr. Cook introduced Resolution 05-09-1R to finance the purchase of the industrial tub grinder. Mr. Comfort made the motion to approve the Resolution. Mr. Addison seconded. The motion was approved unanimously.

A second resolution was introduced, Resolution 05-09-3R amending the current methodology for Overhead and General and Administrative Costs. Mr. Cook briefly reviewed the major changes. Mr. Shubnell made the motion to approve the Resolution. Mr. Addison seconded. The motion was approved unanimously.

HUMAN RESOURCES

Ms. Wojton reviewed the results of BEST 2005. Mr. O'Neill reviewed management's recommendation to suspend payout for FY 2005 and replace with an extra holiday. A committee of employees has been formed to develop goals for FY 2006 and future payouts will be assessed based on our financial situation. Questions were addressed. Mr. Comfort made the motion to approve the recommendation; Mr. Addison seconded. The motion passed unanimously.

PROCUREMENT

Mr. Harkins introduced Procurement Items 1-5. A question was addressed regarding Item 1. Mr. Comfort made the motion to approve the items. Mr. Shubnell [my notes say Leslie seconded] seconded. The items were approved.

LEGAL REPORT

Mr. Coleman reported that the pedestrian accident that occurred a few years ago and was originally dismissed is being appealed to the Court of Special Appeals. Crystal Chissell will be making oral argument in the Court of Special Appeals in mid-October.

EXECUTIVE SESSION

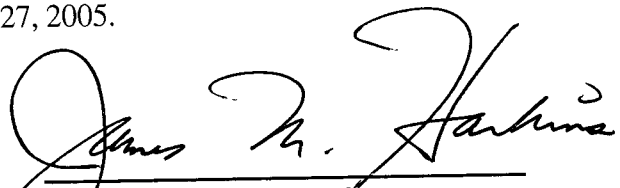
At 11:36 a.m., upon motion of Mr. Addison, seconded by Ms. Jenkins, unanimously approved, the Board voted to go into executive session to discuss the employment and compensation of employees, as permitted under §10-508(a)(1) of the State Government Article. Also present during the executive session was Mr. Coleman. Mr. Coleman presented to the Board MES Resolution 05-09-2R, to establish the compensation for the Treasurer of the Maryland Environmental Service. Mr. Comfort moved to approve the resolution, and Mr. Addison seconded the motion. After discussion of the resolution and the candidate for the Treasurer's position, the Board then voted unanimously to adopt the resolution.

At 11:56 a.m., the Board returned to open session, and Mr. Harkins then adjourned the meeting.

The next meeting is scheduled for October 27, 2005.



JOHN O'NEILL
SECRETARY



JAMES M. HARKINS
ACTING DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-10
October 27, 2005**

- LOCATION:** 259 Najoles Road
Millersville, Maryland
- TIME:** 9:30 a.m. (Meeting scheduled)
9:32 a.m. (Meeting convened)
- DIRECTORS PRESENT:** James M. Harkins, Acting Director
John O'Neill, Secretary
Joe Zimmerman, Treasurer
Lawrence D. Shubnell
Leslie Jackson Jenkins, Esq.
William B.C. Addison
Joseph F. Snee, Esq.
- DIRECTORS ABSENT:** Paul Comfort, Esq.
- OTHERS PRESENT:** Sean Coleman, Esq.
Henry Cook
Mike Snovitch
Steve Tomczewski
Charles Madison
Crystal Chissell, Esq.
Nancy Voorhees Balenske
Chris Garrigan
Ellen Frketic
Beth Wojton
Wyman Jackson

CALL TO ORDER

Mr. Harkins called the meeting to order at 9:32 a.m.

MINUTES

**BOARD OF DIRECTORS MINUTES
MEETING 05-10
OCTOBER 27, 2005
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Mr. Harkins requested approval of the minutes of September 29, 2005. Mr. Shubnell requested that the sentence that reads, "He also wants the internal auditor to provide an annual work plan to the Audit Committee" be revised to include, after the word "Committee", the following phrase: "and for the Committee to focus its attention on risk management issues" Mr. Shubnell made the motion to approve the minutes with the addition and Ms. Jenkins seconded. The minutes were unanimously approved.

DIRECTOR'S REPORT

Mr. Harkins advised the Board that new business has increased. He briefed the Board on the Northern Caroline County prospective water and sewer project to develop a 5-year plan and establish a Service District. It is an estimated \$15,000,000 project. The County has agreed to the private development of a parcel of land after its use as a sand and gravel operation. MES will oversee construction and will provide operation and maintenance of the project. Questions were addressed about the timeline of the project, billing, and type of facility.

MES met with the company from England that wants to burn chicken litter as an energy source. No services are being asked of MES other than to complete the technical evaluation of their proposal and submit the report to the Governor's Office.

AGENCY ACTIVITY REPORT

Mr. Harkins asked Mr. Madison to talk about a couple of significant projects most notably, Masonville, a dredged material containment facility. MPA has requested an agreement for construction management. The project is estimated at \$1.5 million and will evolve into a larger project that may include MES providing all project management services. The others are a dredging project for channel deepening of the City of Annapolis Harbor and a potential dredging project for the Coast Guard in Fishing Creek. A question was addressed.

In light of these new projects, Mr. Harkins informed the Board that MES currently has 43 open positions. Recent and continuing strategy will be to hire retired individuals with familiarity with these kinds of projects and others.

SPECIAL REPORTS

Tire Facility: Mr. Snowitch provided an update of the Facility. He reminded the Board that in October 2004, he advised them that the plant was not capable of producing 24 million pounds per year of crumb rubber. MES then began developing the TreadSpread product. The plant can now produce 24 million pounds per year of product, but an earlier pro-forma was based on the plant producing 37 million pounds per year. He handed out numbers to date for 2005. These numbers represent the pounds per hour being produced. Questions were addressed.

With respect to output, there are a couple of bottlenecks in the production. They are the drying during colorizing, loading of the Super Sacks, and a need for resources to connect the cotton gin. They are working towards solutions on all of these problems. The cotton gin has not been activated due to lack of MES resources.

Mr. Snovitch then handed out and reviewed Tire Recycling Sales to date. MES is selling large quantities of athletic surface material, but much of the material it supplies is brokered, not produced by MES. TreadSpread sales are not as good as hoped. They are focusing marketing efforts on trade shows. MES has increased the number of distributors and wholesalers carrying TreadSpread. Sales are not strong on the retail side. Mr. Snovitch and Ms. Garrigan reviewed marketing efforts to produce a video featuring Governor Ehrlich and Comptroller Schaffer and a print ad to be featured on Comcast geared towards next year's growing season. Funding for the video is to be made available from MDE. A suggestion was made to emphasize the use of TreadSpread as "environmentally correct".

The facility on Hollins Ferry Road is nearing its storage capacity for TreadSpread. Chuck Fawley is investigating alternative locations for storage. Inexpensive storage of the Super Sacks is being looked into at Cox Creek to provide the ability to build up inventory.

A contact with Wal-Mart, Home Depot and Lowe's has been established. MES is working with MDE to propose amendments to the Scrap Tire fund legislation to reallocate funding. Questions were addressed.

FINANCE REPORT

Mr. Zimmerman handed out the summary of operations ending September 30th and reviewed the highlights. Mr. Shubnell made the suggestion that overhead recovery be looked at as a projection for the end of the fiscal year. Mr. Zimmerman responded that the exercise is underway.

Ms. Wojton reviewed the Business Development activities. The Maryland Municipal League reception was well attended and received, thanks to the efforts of Ms. Garrigan. Current and potential customers attended, as well as a few former clients. MES will be meeting with the Towns of Mount Airy and Chesapeake Beach. Ms. Wojton has also been working with Jon Kallen, Chief of Environmental Compliance to market environmental compliance services. Mr. Harkins added that MES would be meeting with Mass Transit to discuss MES services. The agency is also offering to assist in developing security measures for water and wastewater treatment plants. MES may also in the future support this conference as a corporate sponsor.

HUMAN RESOURCES

Mr. O'Neill asked Wyman Jackson to review the BEST Goals for 2006. Questions were addressed. Mr. Snee suggested, "Protecting and Enhancing the Environment" be made the first goal. He also suggested a defibrillator be purchased for headquarters. Further discussion was held about the client survey under "Efficient Practices". Ms. Jenkins feels an independent third party should do the calculations and follow up. MES had planned to measure and compile the results of the survey in order avoid incurring any costs. Mr. Addison made the motion to approve the goals; Mr. Snee seconded. The motion passed unanimously.

Mr. O'Neill directed the Board's attention to the revised organizational chart. He congratulated and commended Executive Staff on their cooperation and agreement on the reassignment of employees and restructuring of the agency. A question was asked about the vacancy for Chief of Water and Wastewater. Resumes have been received and the process of filling the position is underway.

PROCUREMENT

Mr. Harkins introduced Procurement Item 1. A question was addressed. Mr. Shubnell made the motion to approve the item. Mr. Snee seconded. The item was approved.

EXECUTIVE SESSION

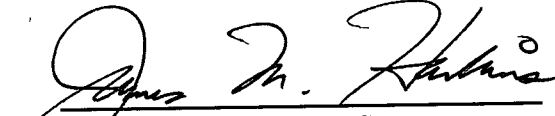
At 10:58 a.m., upon motion of Mr. Addison, seconded by Mr. Snee, unanimously approved, the Board voted to go into executive session to consult with counsel, as permitted under §10-508(a)(7) of the State Government Article and to discuss pending or potential litigation, as permitted under §10-508(a)(8). Also present during the executive session was Mr. Coleman and Ms. Chissell. At 11:38 a.m., upon motion of Mr. Addison, seconded by Mr. Snee, the Board voted unanimously to return to open session.

At 11:40 a.m., the Board returned to open session, and Mr. Harkins then adjourned the meeting.

The next meeting is scheduled for November 18, 2005.



JOHN O'NEILL
SECRETARY



JAMES M. HARKINS
ACTING DIRECTOR



**BOARD OF DIRECTORS
MINUTES
MEETING 05-11
November 18, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 9:30 a.m. (Meeting scheduled)
9:38 a.m. (Meeting convened)

DIRECTORS PRESENT: James M. Harkins, Acting Director
John O'Neill, Secretary
Joe Zimmerman, Treasurer

DIRECTORS PARTICIPATING BY CONFERENCE CALL:
Paul Comfort, Esq.
Lawrence D. Shubnell
Leslie Jackson Jenkins, Esq.
William B.C. Addison
Joseph F. Snee, Esq.

OTHERS PRESENT: Sean Coleman, Esq. (joined by conference call at 10:24 a.m.)
Henry Cook
Mike Snovitch
Charles Madison
Nancy Voorhees Balenske
Chris Garrigan

CALL TO ORDER

Mr. Harkins called the meeting to order at 9:38 a.m.

SPECIAL REPORTS

Tire Facility: Mr. Snovitch provided an update on the production and sales for the facility. The maintenance staff will be shifted temporarily to install the new dryer. This may result in a drop off of production for a limited period of time. Mr. Snovitch has spoken with Mr. Dave

Ferguson, Maryland's Department of Economic & Business Development, a contact with the "big box" stores, i.e. Wal-Mart, Lowe's, and Home Depot. A proposal was sent to Wal-Mart, but Wal-Mart has already signed a contract with someone else to provide a similar product for a test area. At Mr. Ferguson's direction MES has sent samples of TreadSpread™ to Wal-Mart. The suggestion was made that if these areas are not located in the Mid-Atlantic region that we look into our area. Mr. O'Neill recapped a meeting held with MDE to seek monetary support for the Project from the State Used Tire Cleanup and Recycling fund. MES provided information on its range of crumb rubber products. Possible financial support could be the reimbursement of capital costs that will allow MES to pay off the debt service. There does not appear to be support to change the existing law to provide an operating subsidy. MES is also discussing the use of inmate labor at the Tire Facility with the Maryland Department of Public Safety & Corrections.

DIRECTOR'S REPORT

Mr. Harkins noted the following: The Town of Sudlersville has accepted a proposal to provide operation of the Town's wastewater treatment plant. A verbal Request for Proposal has been received from a new utility authority formed by the Towns of Bainbridge and Port Deposit. The proposal will include an upgrade from currently provided supervisory assistance to full operations with expansion of their wastewater treatment plant and upgrade of their water treatment plant. Mr. Harkins met with Ms. Donna Wilson from Prince George's County Department of Environmental Resources. A full day meeting with staff members will be scheduled to discuss future solid waste issues and other services.

PROCUREMENT

Mr. Harkins introduced Procurement Item 1 and Mr. Madison provided background information. A question was addressed. Mr. Addison made the motion to approve the item. Ms. Jenkins seconded. The item was approved. Mr. Madison reviewed Procurement Item 2. Mr. Addison made the motion to approve the item. Ms. Jenkins seconded. The item was approved. Mr. Harkins introduced Procurement Item 3 and Mr. Madison reviewed the item for the Board. Mr. Addison made the motion to approve the item. Mr. Snee seconded. The item was approved. Mr. Harkins introduced Item 4 and Mr. Madison provided background information. Mr. Harkins introduced procurement Item 5 with background information by Mr. Madison. A question was addressed. Mr. Addison made the motion to approve the item. Mr. Comfort seconded. The item was approved. Mr. Harkins introduced Item 6 with background information by Mr. Madison. A question was addressed. Ms. Jenkins made the motion to approve the item. Mr. Addison seconded. The item was approved. Mr. Harkins introduced the final item, Item 7. A question was addressed. Ms. Jenkins made the motion to approve the item. Mr. Addison seconded. The item was approved.

FINANCE REPORT

Mr. Zimmerman told the members that the report of operations ending October 31st would be mailed to them. He directed them to the copy of the Bank of America corporate signatures resolution that provides for the signature changes on MES accounts. Ms. Jenkins made the motion to approve the resolution. Mr. Comfort seconded. The motion was approved.

MINUTES

Mr. Harkins requested approval of the minutes of October 27, 2005. Ms. Jenkins made the motion to approve the minutes and Mr. Comfort seconded. The minutes were unanimously approved.

PROPOSED SCHEDULE

The Board reviewed the proposed meeting schedule. Mr. Shubnell made the suggestion that for January's meeting a mid-year, year-end forecast be made available in advance to the Board. He also requested the audit committee meeting scheduled for April be moved to May. The May meeting as decided by the Board will be on the 25th.

AGENCY ACTIVITY REPORT

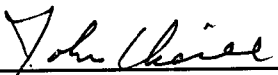
Mr. Harkins reviewed a couple items on the Agency Activity Report. He noted that many of the proposals are being approved quickly with operations starting upon the execution of a contract. A project with Calvert Gateway for operations is one example. They want MES to begin water and wastewater operations in December. An IGA with MPA for Masonville has been fully executed. The value of this project is \$1.5 million with future work estimated upwards of \$60 million. MES continues to receive additional work at BWI and work under MDE's oil control program continues to expand. Discussion was held about the Secretary and Deputy Secretary of MDE attendance at the February Board meeting. The briefing will include a description of MES, its law and mission, and the role of the Board of Directors.

EXECUTIVE SESSION

At 10:24 a.m., upon motion of Mr. Snee, seconded by Mr. Addison, unanimously approved, the Board voted to go into executive session to consult with counsel, as permitted under §10-508(d) of the State Government Article and to discuss pending or potential litigation, as permitted under §10-508(a)(8). Also present during the executive session was Ms. Voorhees Balenske. Mr. Addison had to excuse himself at 10:48 a.m. At 10:51 a.m., upon motion of Mr. Snee, seconded by Mr. Comfort, the Board voted unanimously to return to open session. The Board returned to open session, and Mr. Harkins then adjourned the meeting.

**BOARD OF DIRECTORS MINUTES
MEETING 05-11
NOVEMBER 18, 2005
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The next meeting is scheduled for December 14, 2005.



**JOHN O'NEILL
SECRETARY**



**JAMES M. HARKINS
ACTING DIRECTOR**



**MARYLAND
ENVIRONMENTAL
SERVICE**

Robert L. Ehrlich, Jr.
Governor

James M. Harkins
Director

**BOARD OF DIRECTORS
MINUTES
MEETING 05-12-1
December 14, 2005**

LOCATION: 259 Najoles Road
Millersville, Maryland

TIME: 10:00 a.m. (Meeting scheduled)
10:05 a.m. (Meeting convened)

DIRECTORS PRESENT: James M. Harkins, Acting Director
John O'Neill, Secretary
Joe Zimmerman, Treasurer
Lawrence Shubnell
William B.C. Addison

DIRECTORS ABSENT: Paul Comfort, Esq.
Leslie Jackson Jenkins, Esq.
Joseph F. Snee, Esq.

OTHERS PRESENT: Sean Coleman, Esq.
Henry Cook
Steve Tomczewski
Jerald Wheeler
Charles Madison
Nancy Voorhees Balenske
Chris Garrigan
Ted Bernhardt
Crystal Chissell, Esq.
Pam Fuller
Jim Howard, Esq.
Richard Keller
Michael Hall
Ellen Frketic
Ed Taylor
Mark Loving
Dennis Harris
Steve Gerwin, WSSC

**BOARD OF DIRECTORS MINUTES
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DECEMBER 14, 2005
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CALL TO ORDER

Mr. Harkins called the meeting to order at 9:35 a.m. A quorum was not present. No official business took place.

INSPIRE AWARDS

Mr. Harkins presented an Inspire Award for Extraordinary Service to Mark Loving of the Recycling Group. Mr. Loving took over the duties of the vacated position of a CFC Removal Technician while continuing to handle his normal workload. Dennis Harris of the Water & Wastewater Group was given an Inspire Award for his work as a biosolids land application inspector who averted a possible public relations problem for DC WASA's Blue Plains Advanced Wastewater Treatment Plant at a planned Halloween event at a Virginia farm. Steve Gerwin from WSSC was present at the meeting to express appreciation and acknowledge the fine job Ellen Frketic, Al Razik, Mr. Harris and the other employees do for the biosolids land application program.

DIRECTOR'S REPORT

Mr. Harkins first commented on a recent visit to Western Maryland and the level of competent work performed in that region. Jerry Wheeler updated the Board on the proposed work for the Port Deposit Water & Sewer Authority. The proposal was accepted to include an upgrade from currently provided supervisory assistance to full operations with expansion of their wastewater treatment plant and upgrade of their water treatment plant. Services will be for one year beginning January 1, 2006. MES will interview the current employees at the Port Deposit Wastewater Treatment Facility for possible employment. Questions were addressed. Future work may include replacing both facilities, providing billing services, and construction management and operation. Mr. Harkins in response to a question regarding the Northern Caroline County prospective water and sewer project stated the project is progressing.

MES is working on a couple of different energy initiatives. An additional staff person with a background in energy is being added to the Technical Environmental Services Group. This individual will review energy efficiency at certain facilities. MES is also acting as a facilitator for a work group composed of representatives from MDE, DNR, and DBED looking at renewable energy.

The events of hurricane Katrina have focused the State's attention on preparedness and response particularly at water and wastewater treatment facilities. MES will work with MDE and MEMA to establish MES' role related to disaster recovery for water and wastewater services. Grants are being researched to provide funding.

MES delivered to MDE the grant request from the Tire Fund.

AGENCY ACTIVITY REPORT

A question was asked about the role of the Director of Business Development with prospects and proposals. Mr. O'Neill responded that he and Ms. Wojton work closely together and Mr. Harkins and Ms. Wojton have jointly attended various meetings of groups like the Maryland Municipal League. Ms. Wojton with applicable staff is currently working on a compliance training proposal for the Maryland Transit Administration, developing marketing of GPS & GIS services, and the development of a proposal to WSSC for septage receiving. A suggestion was made to train MES' senior field employees to assist with bringing in business.

SPECIAL REPORT

Tire Facility: Ted Bernhardt provided a written "Tire Facility Report" dated December 14, 2005. Production continues to increase thanks to the new screening equipment. MES has sufficient inventory to meet current demands, but is lacking sufficient space to store additional inventory. MES is currently talking to MPA about the use of space for storage of excess crumb rubber. The annual shutdown is scheduled for December 23rd to January 16th. This allows for scheduled maintenance and completion of installation of the new dryer. Questions were addressed about the "big box" stores and smaller distribution stores. Wal-Mart has signed a contract with another vendor to provide a similar product. The goal with Southern States is to be in 80 stores, with MES to provide marketing support. Mr. Addison mentioned again the need to be aggressive with Southern States and product display. Nancy Faulkner is working with their representative and will be making site visits. Mr. Bernhardt also informed the members of an accident which resulted in a portion of a wall section within the Tire Facility being pushed out. This is being handled as an insurance claim.

FINANCE

Joe Zimmerman gave the Board members the 2005 Annual Report. Last month's operating results were mailed to the Board. Henry Cook reviewed the Tire Facility financial report that includes a summary of sales and backlog and a summary of operations. He is forecasting 14 millions pounds of product being sold for the fiscal year. Discussion was held about emphasizing advertising. Mr. Harkins sent a letter to every state agency and TreadSpread is being installed at the entrances to the Senate & House office buildings. Questions were addressed. A financial forecast for the agency will be provided at January's meeting.

Mr. Zimmerman and Sean Coleman provided a preliminary review of Resolution 05-12-1R and 05-12-2R. These will be acted upon by the Board when a conference call meeting can be arranged. A question was addressed.

PROCUREMENT

The Procurement Items will be reviewed and approved during the conference call.

OLD BUSINESS

Mr. Harkins noted the 2006 meeting schedule was sent to the members. It was revised based on its review during November's meeting.


CLOSED SESSION

At 10:41 a.m., the Board went into executive session to consult with counsel, as permitted under §10-508(a)(7) of the State Government Article and to discuss pending or potential litigation, as permitted under §10-508(a)(8). Also present during the executive session was Mr. Jim Howard, Ms. Voorhees Balenske, Ms. Chissell, Ms. Garrigan, and Ms. Fuller. At 12:25 a.m., the Board concluded its executive session, and Mr. Harkins then adjourned the meeting.

The next monthly meeting is rescheduled to January 26, 2006.



JOHN O'NEILL
SECRETARY



JAMES M. HARKINS
ACTING DIRECTOR