

BOARD MEETING MINUTES

February 27 1979

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 10 10 a m on February 27 1979 by Tom McKewen

Board Members Present      Thomas D McKewen    Director  
                                 Robert L Chaney    Treasurer  
                                 Evan C Crossley    Secretary

Staff Members Present      Reed W McDonagh    Deputy Director  
                                 Michael Long      Chief of Admin Services  
                                 Richard Rice      Asst Attorney General  
                                 Ben Bialek        Asst Attorney General  
                                 Joseph G Johns Jr    Controller

Tom McKewen stated that it was important for the Maryland Environmental Service to secure the services of a Financial Advisor to assist the agency in financing the proposed Eastern Baltimore County Project. The Environmental Protection Agency has informally informed the State that the Maryland Environmental Service's pre-proposal submittal for financing the feasibility study of the Eastern Baltimore Project under the Urban Grant program has been accepted.

Joe Johns gave a presentation in which he pointed out that there have approximately been nine bond issues for similar projects. The principal underwriters on these have been

- 1 Dillion Reed
- 2 Payne Webber
- 3 White Weld

Not all of these issues have utilized the services of financial advisors. Those financial advisors with experience applicable to this issue appear to be

- 1 Smith Barney      This firm has handled a similar resource recovery issue in Delaware. It is also the financial advisor for Maryland's Department of Transportation.
- 2 Payne Webber      This firm has handled similar resource recovery issues in Florida and Conn.
- 3 First Boston      This firm has handled similar resource recovery issues in New York.

Joe Johns presented an outline that could serve as an RFP for securing a financial advisor. This outline was based on information obtained from the Department of Transportation and conversations with people in the field. In discussing the outline it was decided that the Maryland Environmental Service should seek to obtain a financial advisor with a national reputation who had had experience in resource recovery. There was also a discussion on whether or not these bonds should be issued on a competitive bid basis or whether it should be a negotiated sale. In previous discussion with potential underwriters and others it was pointed out to the Maryland Environmental Service that the agency should have a negotiated sale. The two principal reasons cited were that (1) there is a uniqueness factor in that MES is an agency and not a unit of local government and also a limited number of issues of this nature (2) this will be our first bond issue. After the discussion it was determined that

1 Joe Johns in cooperation with Reed McDonagh and Rich Rice would rework the outline to prepare a draft RFP. This draft RFP would be broad enough to allow for either a negotiated sale or a competitive bid sale.

2 The draft RFP would be submitted to the Board for review.

3 Joe Johns will prepare a list of potential firms and will submit this list with justification on why these firms were chosen to the Board. In preparing this list he will seek advice from the Environmental Protection Agency, the Council of Pollution Control Financing Agencies and others.

4 Upon acceptance of the draft RFP and the list of firms from the Board the draft RFP will be sent to the selected firms. The interested firms will be asked to attend a pre-proposal meeting to discuss

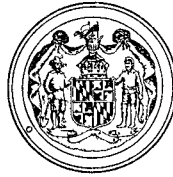
a Whether or not this should be a negotiated or competitive bid sale.

b The draft RFP and to offer suggestions.

5 Based on the results of the pre-proposal meeting a formal RFP will be prepared and submitted to the interested firms.

Tom McKewen asked if there were any other issues that should be discussed at this time. Bob Chaney stated that the proposed Board Policy statement on establishing a fee schedule had had some minor revisions and suggested that this issue be considered at the next meeting of the Board.

The meeting adjourned at 12 15.



THOMAS D MCKEWEN  
DIRECTOR

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REED W McDONAGH  
DEPUTY DIRECTOR

BOARD MEETING MINUTES

March 30 1979

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 10 15 a m on March 30 1979 by Thomas D McKewen

Board Members Present    Thomas D McKewen, Director  
                                 Robert L Chaney, Treasurer  
                                 Evan C Crossley Secretary

Staff Members Present    Reed W McDonagh Deputy Director  
                                 Michael T Long Chief of Admin Services  
                                 Joseph G Johns Jr , Controller  
                                 Richard Rice, Asst Attorney General  
                                 Ben Bialek Asst Attorney General

Mr Richard Rice presented to the Board the form of the following resolution, supplemental to a resolution of the Board of Directors of the Maryland Environmental Service adopted on March 13/ 1973 authorizing and providing for extension of dates for payment of certain installments of principal of the \$2,500 000 principal amount Maryland Environmental Service Sludge Disposal Revenue Bond 1978 Series issued on February 28, 1978 providing that the outstanding 1978 Series Bond shall be surrendered by the registered holder thereof for substitution of one page amended as specified in the resolution and shall immediately upon such substitution be redelivered to the registered holder thereof, and generally providing and determining various matters in connection with the payment of such revenue bond

Mr Evan C Crossley moved that the Board adopt the following Resolution Mr Robert L Chaney seconded that motion, and the motion carried unanimously The Board then resolved as follows



THOMAS D M KEWEN  
DIRECTOR

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REED W M DONAGH  
DEPUTY DIRECTOR

BOARD MEETING MINUTES

August 30 1979

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 10 30 a m on August 30 1979 by Thomas D McKewen

Board Members Present

Thomas D McKewen, Director  
Robert L Chaney Treasurer  
Evan C Crossley Secretary

Staff Members Present

Reed W McDonagh Deputy Director  
Michael T Long Chief of Admin Services  
Joseph G Johns Jr Controller  
Ben Bialek Assistant Attorney General

Mr Bialek presented to the Board the form of the following resolution, supplemental to a resolution of the Board of Directors of the Maryland Environmental Service adopted on December 28 1978, amending Article I Section 3 02(2) of the aforesaid resolution to permit the Authorized Service Representative to borrow for estimated Project Costs

Mr Evan Crossley moved that the Board adopt the following resolution  
Mr Robert L Chaney seconded that motion and the motion carried unanimously  
The Board then resolved as follows

J Johns  
J

J

Minutes of M&S Board  
of Directors  
Meeting of August 30 1979  
continued

Mr Johns next informed the Board of the progress of the Financial Advisor Selection Committee (Reed McDonagh Joe Johns Robert Shoenhofer Ben Bialek) in soliciting interest from firms capable of providing financial advisor services on the Eastern Baltimore County Resource Recovery Facility Project Mr Johns stated that after considerable research and after taking into consideration each perspective firm's previous experience with resource recovery projects the committee had by letter solicited the interest of Paine, Webber Jackson and Curtis Inc Government Finance Associates Inc Merrill-Lynch Pierce Fenner and Smith Inc and First Boston Corporation

Mr Johns further advised the Board that of those solicited only Paine Webber Jackson and Curtis Inc and Government Finance Associates Inc had expressed an interest in providing financial service

Upon such information the Board unanimously resolved to direct the committee to develop a preliminary negotiating strategy which 1) prohibits the financial advisor from also acting as underwriter 2) envisions a single contract to be performed in two phases, the first phase to assess the comparative marketability of the various project alternatives and the second phase to develop a financial plan for that alternative selected and 3) compensates the financial advisor on a contingency-fee plus out of pocket expense basis with a fixed retainer fee to be considered if necessary

The Board directed the committee to begin negotiations with the two interested financial firms and to make its recommendations by November 1 1979



THOMAS D M KEWEN  
DIRECTOR

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REED W McDONAGH  
DEPUTY DIRECTOR

BOARD MEETING MINUTES

November 8 1979

A meeting of the Board of Directors of the Maryland Environmental Service was called to order at 1 p m on November 8 1979 by Thomas D McKewen

Board Members Present      Thomas D McKewen Director  
   Robert L Chaney Treasurer

Staff Members Present      Reed W McDonagh Deputy Director  
   Joseph G Johns Jr Controller  
   Ben Bialek, Assistant Attorney General  
   Robert Schoenhofer

Mr Bialek presented to the Board the form of the following resolution supplemental to a resolution of the Board of Directors of the Maryland Environmental Service adopted on December 28 1978, as amended on August 30 1979 amending Section 2 Section 3 Article II Section 2 02 and Section 3, Article III Section 3 01 of the aforesaid resolution to increase the aggregate principal amount of Bonds issued and outstanding at any one time to \$750,000 The existing debt limitation on the MFS/WSSC land containment project is \$500 000 Mr Johns stated that increased site preparation costs at existing land containment sites as well as possible concurrent trenching operations in Montgomery and Prince Georges Counties in the future are the reasons for requesting a higher debt limitation

Mr Chaney moved that the Board adopt the following resolution Mr McKewen seconded that motion and the motion carried unanimously The Board then resolved as follows

RESOLUTION

A RESOLUTION supplemental to a Resolution of the Board of Directors of the Maryland Environmental Service adopted on December 28 1978 (approved by the Secretary of Natural Resources on the same date) as previously amended on August 30 1979 authorizing the providing for the issuance sale and delivery of Sludge Disposal Revenue Bonds (MES/WSSC Project) provided that the aggregate principal amount of the Bonds issued and outstanding at any time shall not exceed \$750 000

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE

Section 1 That Section 2 is hereby amended to read as follows

Section 2 That, subject to the provisions of this resolution the issuance sale and delivery from time to time of Sludge Disposal Revenue Bonds (MES/WSSC Project) (the Bonds ) are hereby authorized, provided that the aggregate principal amount of Bonds issued and outstanding at any time shall not exceed \$750 000 The Bonds shall constitute a general obligation of the Service as provided by Section 3-115 of the Act, payable from and secured by the Pledged Revenues (hereinafter defined)

It is hereby found and determined that the best interests of the Service will be served by selling the Bonds at one or more private (negotiated) sales as authorized by the Act, upon the terms and conditions approved hereinafter The Bonds shall be sold to Maryland National Bank (the Bank ) at par

Section 2 That the first full paragraph of Section 3 Article II Section 2 02 is hereby amended to read as follows

Section 2 02 There is hereby created for issuance under this Resolution one or more issues or series of revenue bonds which shall bear the descriptive title Maryland Environmental Service Sludge Disposal Revenue Bonds (MES/WSSC Project) The aggregate principal amount of Bonds issued and outstanding at any time shall not exceed \$750 000

Section 3 That Section 3 Article III, Section 3 01 is hereby amended to read as follows

Section 3 01 The principal amount of Bonds which may be outstanding at any time is limited to \$750 000 The Service shall not execute and the Trustee shall not authenticate and deliver, any Bonds if the principal amount of such Bonds together with the principal amount of Bonds outstanding exceeds \$750,000

Section 4 That, this Supplemental Resolution is hereby declared to be a supplemental resolution adopted pursuant to and in accordance with Section 3 Article X Section 10 01 of the December 28 1978 Resolution as amended As provided in such Section 10 01, this Supplemental Resolution shall become effective only upon approval of this Supplemental Resolution by Maryland National Bank, Trustee, and registered owner of all Bonds issued prior to this date

Board Meeting - November 8 1979  
Page Three

The foregoing Supplemental Resolution of the Board of Directors of the Maryland Environmental Service was adopted at a meeting of such Board of Directors duly called and held on November 8 1979 such Supplemental Resolution to be effective upon approval by Maryland National Bank

Thomas D. McKeen

Arthur L. Peary

(SFAL)



MINUTES OF MES BOARD OF DIRECTORS MEETING

November 14, 1979

Board Members Present     Thomas D McKewen, Director  
                                 Robert L Chaney, Treasurer

Staff Members Present     Joseph G Johns, Jr , Controller  
                                 Reed W McDonagh, Deputy Director  
                                 Robert Schoenhofer, Project Manager, EBC  
                                 Ben Bialek, Asst Attorney General  
                                 Gloria Larese-Casanova

The meeting was called to order at 11 30 a m by the Director

A cost comparison of the Paine Webber and Government Finance Associates (GFA) proposals was presented to the Board by Joe Johns and Bob Schoenhofer. Mr Johns informed the Board that Paine Webber had clarified its proposal by letter dated November 9, 1979, which letter was submitted to the Board. After discussion of the two proposals, the Financial Advisor Selection Committee reaffirmed its November 8, 1979 recommendation of GFA as financial advisor for the Eastern Baltimore County project.

After considerable discussion, Mr Chaney moved that the Board accept the Committee's recommendation of GFA as financial advisor for the reasons set forth in the Committee's letter to the Board dated October 30, 1979, and pursue contract negotiations with GFA, contingent upon financial arrangements being finalized with Baltimore County.

Mr Chaney's motion was seconded by Mr McKewen and passed unanimously by the Board.

Mr McKewen stated that he would inform Paine Webber and GFA, in writing, as to the selection made by the Board.

Meeting was adjourned at 12 24 p m

November 14 1979

Below are the three main areas of concern to be evaluated

Compensation

- 1 Total cost (estimate based on 50 mil project cost)
- 2 Month-end cash flow needs
- 3 Terms

Paine Webber

1 a Low estimate approx \$163,000

b High estimate approx \$168 000

NOTE Includes approximately 420 man hours in low estimate approximately 472 man hours in high estimate

2 Phase I

(Estimated to last 3 months only estimate adjusted to 1 year)

Out-of-pocket + monthly retainer

(\$1,000/mo ) = \$13 100

Phase II

(No duration indicated assume

6 months) Out-of-pocket + monthly retainer (\$1 000/mo ) = \$13 250

3 Base Compensation payable

irrespective of project success

GFA

1 a Low estimate approx \$118 000

b High estimate approx \$173 000

NOTE Includes approximately 960 man hours in low estimate approximately 1 550 man hours in high estimate

2 Phase I

(Estimate based on 1 year)

Out-of-pocket = \$5 120 - \$8 750

Phase II

(Estimate based on 6 months)

Out-of-pocket = \$3 250 - \$4 630

3 Compensation (except out-of-pocket expenses) contingent on project success

Understanding of Project

- 1 Sensitivity of MBS/Baltimore County/State of Maryland relationship
- 2 Commitment to participate on project management team

- 3 Demonstration of understanding of alternative projects scenarios
- 4 Consideration of overall project timing

Paine Webber

GFA

- |   |   |
|---|---|
| 1 No mention of   | 1 Section I Pg 4 - It appears that GFA has acquired information about these relationships and presents an understanding |
| 2 Demonstrated in both cases  | 2 Same  |
| 3 No mention  | 3 Section I Pg 4 & 5 - Detailed discussion of alternative - demonstrates good understanding                             |
| 4 Overall scheduling not projected in coordination with other components of project | 4 GFA proposal is sensitive to other parts of project - Section I Pg 66   |

Scope of Work

- 1 Tasks and their products clearly defined in a manner which is enforceable by a project manager
- 2 Timing clearly spelled out completion dates addressed
- 3 Description of technical approach

Paine, Webber

GFA

- |   |  |
|---|--|
| 1 Tasks defined however task outputs only cursorily mentioned                             | 1 Tasks defined - product content defined in great detail and Section III Phase 1 and 2          |
| 2 Mention of timing required for each task however no clear-cut picture of timing emerges | 2 Section III - GFA in detail has presented timing consistent overall project schedule presented |

3 Computer assisted Paine, Webber offers little guidance in terms of technical approach beyond conclusory description of tasks to be performed

3 Section II - Discussed in detail Key factors to be considered with each task analyzed