BOARD OF DIRECTORS
OF
MARYLAND ENVIRONMENTAL SERVICE

RESOLUTION

A RESOLUTION authorizing

the statement of intent and purpose of the Maryland Environmental Service (the "Service") to finance on a tax-exempt basis the acquisition, construction and equipping of additional wastewater facilities (the "Project Phase II") located at the Eastern Correctional Institution in Somerset County, Maryland; and designating and approving use of funds in the Service's Water and Wastewater Improvement Facilities Design Fund for design of the Project Phase II.

RECITALS

Maryland Environmental Service (the "Service") was created by, exists under, and exercises the powers contained in, Sections 3-101 to 3-129, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (1989 Replacement Volume and 1990 Supplement) as amended to date (the "Act"), including (among others) the powers (i) to borrow money and issue bonds or notes for the purpose of paying all or any part of the cost of any one or more projects and to provide for the security of such bonds or notes and the rights of the holders thereof; and (ii) to enter into contracts with the Federal or any State government, or any unit, instrumentality or subdivision thereof, or with any municipality or person within or without the State of Maryland (the "State"), providing for or relating to the furnishing of services to or the facilities of any project of the Service.

The Service is developing the Project Phase II (as defined below) in cooperation with the Department of Public Safety and Correctional Services (the "Department") as a means of providing additional wastewater facilities to the Eastern Correctional Institution in Somerset County, Maryland. The Project Phase II consists (by way of general description and not limitation) of additional wastewater facilities at the Eastern Correctional Institution in Somerset County, Maryland. The Service will operate the Project Phase II pursuant to the existing Operating Agreement, amended as necessary.

The Service considers the financing, acquisition, construction and operation of the Project Phase II to be in furtherance of the public purposes of the Act and the Service.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, that:

1. Capitalized terms used and not defined herein shall have the meanings set forth in the title and the Recitals to this Resolution.

2. The Service intends to finance on a tax-exempt basis the minimum aggregate principle amount of $953,700.00 to provide funds for the payment of all or any part of the cost of the Project Phase II, as provided in the Act, subject to authorization by the Budget Committees of the General Assembly and approval of the Board of Public Works.

3. Funds in the amount of $52,000.00 from the Water and Wastewater Improvement Facilities Design Fund, 1988 Budget Item No. 121 as authorized by Chapter 471 of the 1991 Laws of Maryland, Maryland Consolidated Bond Loan Act of 1991, are hereby designated and authorized for the design of the Project Phase II, subject to the approval of the Board of Public Works.

4. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 20th day of June, 1991.

MARYLAND ENVIRONMENTAL SERVICE

(SEAL)

BY: _____
GEORGE G. PERDIKAKIS, DIRECTOR

BY: _____
ANNETTE GRIM, DEPUTY DIRECTOR

BY: _____
R. KENNETH BARNES, SECRETARY

BY: _____
EDWARD A. GRIFFITH, TREASURER

BY: NOT PRESENT
ROBERT W. PIERCE

BY _____
EDWIN G. RICHARDS

Bd. of Dis. - File
6/20/91

INTEROFFICE MEMO

To: George Perdikakis
Annette Grim

Thru: Dane Bauer
Robert Tenanty

From: Lisa Reaver

Date: June 18, 1991

Re: ECI WWTP Expansion, Phase II
EDA Grant Application

I have recently talked to Steve Gradee of the United States Department of Commerce, Economic Development Administration, Philadelphia office regarding approval of the grant application for funding of the Phase II Expansion of the ECI WWTP.

He has informed me that MES needs to submit a Board Resolution stating that MES has $52,000 in its Water and Wastewater Improvement Facilities Design Funds for the design of this project and is prepared to initiate the sale of bonds for reimbursement of its share of the design monies expended and for the local matching share of the construction costs (currently the bond is estimated to be $953,700.)

It is necessary to have this Board Resolution to the EDA Philadelphia office by this Friday June 21st, otherwise our chances of having the grant approved are decreased.

cc: Nancy Balenske
Maureen Gardner
Duane Wilding

MARYLAND
ENVIRONMENTAL
SERVICE

MARYLAND ENVIRONMENTAL SERVICE
BOARD OF DIRECTORS

RESOLUTION 1-1986

WHEREAS, the statutory mission of the Maryland Environmental Service (hereinafter "Service") is to provide for the delivery, acquisition, construction, reconstruction, rehabilitation, operation, maintenance and repair of water wastewater and solid waste projects, facilities and services for both State and private clients; and

WHEREAS, Sections 3-104 (m) and (n) of the Natural Resources Article of the Maryland Annotated Code authorize the Service to enter into contracts to provide the above enumerated services in furtherance of its statutory mission; and

WHEREAS, the Service, in accordance with Section 3-104 (b) of the Natural Resources Article of the Maryland Annotated Code enjoys perpetual existence as a corporation; and

WHEREAS, the Service has, since its inception, provided services to non-State clients pursuant to contracts which required said clients pay to the Service a fee calculated and assessed separately from charges arising from the provision of services and applicable overhead; and

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An Agency o
the Department o
Natural Resource

Director
John D. Seyffert

Edward A. Griffith
Corporate Treasurer

Dr. R. Kenneth Barnes
Corporate Secretary

WHEREAS, these charges were and are collected pursuant to authority provided in Section 3-119 of the Natural Resources Article of the Maryland Annotated Code; and

WHEREAS, Service records indicate that from Fiscal Year 1975 through Fiscal Year 1984, it has collected these fees in the total amount of $538,341 (Five Hundred Thirty Eight Thousand, Three Hundred Forty One Dollars); and

WHEREAS, Service records indicate that the total of these fees collected in Fiscal Year 1985 was $33,106; and

WHEREAS, the retained earnings of the Service as of June 30, 1985 was $531,633 (Five Hundred Thirty One Thousand, Six Hundred Thirty Three Dollars); and

WHEREAS, prior to Fiscal Year 1985 the collection and expenditure of these fees was not separately accounted for; and

WHEREAS, although Service records indicate that Program Development fees are a component of the Service's retained earnings, it is not possible to determine with absolute accuracy either the balance, or what proportion these fees bear to retained earnings; and

WHEREAS, the Board wishes to limit the use of a portion of its retained earnings to purposes solely devoted to Program Development and to provide for the separate accounting of the use of these funds; and

WHEREAS, this Board, by Resolution dated 24 October 1983, authorized use of some portion of the monies existing in the Service's "Corporate Working Capital Account" for the purpose of reimbursing Service employees for actual expenses incurred in "pursuit of new projects"; and

WHEREAS, a "Corporate Working Capital Account" does not exist within the current cost accounting system; and

WHEREAS, the organizational lexicon for the former "Corporate Working Capital Account" is now the "Program Development Fund"; and

WHEREAS, the Board desires to repeal and supercede, by this enactment, its former Resolution dated 24 October, 1983; and

WHEREAS, monies collected for the Working Capital Account, and the Program Development Fund were collected for the identical purposes of accumulating and providing revenue to support the development of new corporate programs and projects; and

WHEREAS, the Deputy Treasurer, at the direction of the Director, has included in the Service's cost accounting system, an account against which expenses arising from these activities can be charged; and

WHEREAS, the Board desires to confirm and ratify all expenditures that have been charged to the Program Development Account; and

WHEREAS, the Board shall designate herein an amount of money which shall be dedicated to Program Development activities (the Fund); and

WHEREAS, the Board will authorize and direct that all Program Development assessments collected after June 30, 1985 be added to the Fund established herein upon their receipt; and

WHEREAS, the Board desires to provide the Director and Deputy Director standards for their management of the Program Development Fund; and

WHEREAS, the Board intends to create a Program Development Fund Review Committee to review certain procurements proposed to be accomplished with Program Development Fund monies; and

WHEREAS, the Board desires to instruct the Director to prepare procedures for its review, that, when adopted and approved, will govern the administration of the Fund.

NOW THEREFORE, BE IT RESOLVED this 1st day of April, 1986, as follows:

Section 1. The Board finds that the collection of Program Development fees from corporate clients is a proper and allowable function of the Service.

Section 2. The Deputy Treasurer's actions in creating a Program Development Account, and in charging expenditures against this account are hereby ratified and affirmed to be valid actions of the Service.

Section 3. The Board authorizes and directs the Service to continue to assess corporate clients a fee in the amount of one percent of all charges to the client to provide a continuing source of revenue for the Program Development Fund.

Section 4. The Director and Deputy Director's actions in approving expenditures from the Fund including those listed in Attachment 2 hereof (consisting of five computer generated pages numbered 15,16,18,19 & 20) for Program Development purposes are hereby ratified and confirmed to be valid actions of the Service.

Section 5. The Board determines, consistent with the report and recommendations prepared by staff, such report being incorporated herein as Attachment 1, that it is reasonable to conclude that some portion of the retained earning's balance as of June 30, 1985 is composed of fees that were collected to further program development or "working capital" activities.

Section 6. The Service may only use these funds in a manner consistent with the purposes for which the funds were collected and may spend these funds in a manner independent of the State procurement system provided expenditures are made in accordance with generally accepted procurement practices and procedures approved by this Board .

Section 7. It is prudent to dedicate the sum of $50,000 (Fifty Thousand Dollars) to uses devoted solely to the furtherance of Program Development activities. The Deputy Treasurer shall apply this sum to the existing Program Development Account ("the Fund").

Section 8. All Program Development assessments collected after June 30, 1985 shall be applied to the Fund.

Section 9. Charges against the Fund shall be accounted for separately. Use of the Fund shall be limited to the furtherance of program development activities. These uses may include but are not limited to the purposes of developing, supporting, researching, promoting, securing, providing and procuring goods and services for new and proposed projects, experiments, programs, and facilities.

Section 10. The Director may also approve the use of the Fund to reimburse employees of the Service for actual expenses incurred in the pursuit of new business provided that such approval be conditioned upon the Director's receipt and approval of a memorandum from the person requesting reimbursement that describes the project involved, the persons attending, and the purpose, time and duration of the activity. Only the Director, Deputy Director, Division Heads, and Assistant Attorney General assigned to the Service may request this use of the Fund.

Section 11. The Program Development Fund may be used to pay the salaries of special purpose corporate employees for periods not to exceed one year. Payments for longer periods must be expressly authorized by this Board.

Section 12. The Director is instructed to draft and submit for this Board's approval, procedures which will govern the procurement of goods, services, and equipment for Program Development purposes. These procedures must be consistent with the following guidelines:

A. The Director may authorize expenditures from the Fund up to a maximum for any one project of $7,500. The Director may not delegate this authority except to the Deputy Director.

B. All requests for expenditures proposals from the Fund shall provide a written justification which shall articulate the rationale that supports the requested use of Program Development funds.

C. The Director shall designate a Procurement Agent. The Procurement Agent will be responsible for obtaining approved goods and services, and shall encourage competition among prospective suppliers. The Procurement Agent shall also shall document all price quotations obtained. Price need not be the sole determining factor in making a Program Development Procurement Award.

D. Procedures required by this Section shall include a Program Development Fund Review Committee (hereafter Committee). This Committee shall consist of the Director and others whom the Director may, from time to time, designate. The total number of Committee members shall be an odd number. This Committee shall review all proposals estimated to require expenditures greater than $7,500 and shall have authority to authorize the Director to execute contracts and procurement documents for projects and expenditures valued at more than $7,500 but less than $20,000. It shall have other duties as may be expressed in the procedures required by this Section. The Committee shall also provide written recommendations to the Board on all proposals that project exenditures greater than $20,000.

E. Proposals that project expenditures exceeding $20,000 shall be referred to the Board for prior approval.

F. The Director and the Committee shall each report to the Board all Program Development expenditures authorized by them at the Board of Director's meeting that immediately follows the authorization.

Section 13. The Director is further instructed to secure the review and approval of the procedures mandated by Section 10 hereof by the Secretary of the Department of Natural Resources.

Section 14. This Board's Resolution dated October 24, 1984 concerning expense reimbursements from the former working capital account is hereby repealed and rescinded in its entirety. This Resolution shall supersede it in all respects.

Section 15. This Resolution shall be effective upon adoption, and shall have retrospective application to those matters described in Sections 2 and 4.

John D. Seyffert
Chairman
Board of Directors

IN WITNESS WHEREOF the undersigned certifies the above Resolution was duly adopted and approved by the Board of Directors of the Maryland Environmental Service at a meeting duly called and held April 1, 1986.

R. Kenneth Barnes
Secretary

MARYLAND ENVIRONMENTAL SERVICE

BOARD OF DIRECTORS

RESOLUTION 84-1

WHEREAS, the enabling legislation of the Service states that it is the purpose of the Service to provide water supply and waste purification and disposal services to public and private instrumentalities; and

WHEREAS, the development of new corporate projects requires extensive marketing efforts involving personal contacts by employees of the Service with corporate executives, and County and Municipal elected officials and employees; and

WHEREAS, it is necessary in support of these efforts to provide funds for expenses related to the development of new projects pursuant to the statutory mandate of the Service; and

WHEREAS, the Service maintains a fund (hereinafter "Corporate Working Capital Account") from management fees collected from its existing Corporate projects, which fund is used primarily in support of development of new Corporate projects;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MARYLAND ENVIRONMENTAL SERVICE, AS FOLLOWS:

SECTION 1. THAT the Director of the Service is specifically authorized to use monies from the Corporate Working Capital Account to reimburse employees of the Service for actual expenses incurred in pursuit of new projects within the jurisdiction of the Service.

SECTION 2, THAT this Resolution shall take effect immediately upon its adoption and approval.

IN WITNESS WHEREOF, the undersigned hereby certifies that the above Resolution 84-1 was duly adopted and approved by the Board of Directors of the Maryland Environmental Service at a meeting duly called and held on October 24, 1983.

DATED this 24th day of October, 1983.

(SEAL)

R. Kenneth Barnes

R. Kenneth Barnes, Secretary