MARYLAND ENVIRONMENTAL SERVICE
BOARD OF DIRECTORS

RESOLUTION

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 development of new projects requires extensive marketing and promotional efforts and proposal preparations involving personal contacts by employees of the Service with corporate executives, State, 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 Board has previously allocated funds for program development from the Capital Working Account pursuant to Resolution 84-1 and from retained earnings generated by fees assessed corporate customers pursuant to Resolution 1-1986 which repealed and superseded Resolution 84-1; and

WHEREAS, the Board wishes to refine and simplify the procedures for the generation of the Program Development Fund and its use; and

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

WHEREAS, the Board desires to repeal and supersede, by this Resolution, its former Resolution 1-1986, passed on April 1, 1986; and

WHEREAS, the Board desires to provide the Director standards for his management of the Program Development Fund.

NOW, THEREFORE, BE IT RESOLVED this 25th day of July, 1991, as follows:

1. That the Director of Finance & Administration shall credit on a monthly basis ~~a portion~~ of retained earnings to the Program Development Fund (the Fund), provided that there are sufficient current year retained earnings to support such a credit. That portion shall be calculated as 1½% of direct operating charges to corporate clients, excluding overhead, capital costs, pre-treatment and major maintenance funding charges. In the event there are not sufficient retained earnings to credit the Fund in any given month, then the deficit may be made up in any other month of that fiscal year. The total amount of retained earnings credited to the Fund on an annual basis shall not exceed 50% of retained earnings generated during that fiscal year, exclusive of any interest earned.

2. This Resolution shall apply to all of Fiscal Year 1991. The Director of Finance & Administration is directed to make such credits to the Program Development Fund in accordance with paragraph 1.

3. The Board, by a majority vote of a quorum, may disapprove the Director of Finance & Administration's monthly credit to the Program Development Fund and may credit those funds to any purpose allowed by law.

4. That funds currently allocated to the Program Development Fund shall remain in that Fund.

5. 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.

6. Procurement under the Fund shall follow the Service's standard Corporate and State procurement procedures.

7. The Program Development Fund may be used to pay the salaries of special purpose corporate employees for periods not to exceed one (1) year. Payments for longer periods must be expressly authorized by this Board.

8. Expenditures for the Fund shall be made in accordance 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 of Finance & Administration may exercise such authority in the Director's absence if such authority is delegated by the Director to the Director of Finance

& ~~Finance~~. Administration

B. ~~All requests for expenditures from the Fund shall contain a~~ A detailed written justification for use of Program Development Funds. ~~All requests for expenditures~~ shall be retained in the permanent records of the Service.

C. Proposals that anticipate expenditures exceeding $7,500 shall be referred to the Board for prior approval. Projects exceeding $7500 after start-up shall be submitted to the Board for ratification.

D. The Director shall report to the Board all Program Development expenditures authorized by him at the Board of Directors' meeting that immediately follows the authorization.

9. This Board's Resolution 1-1986 dated April 1, 1986, concerning the Program Development Fund, is hereby repealed and rescinded in its entirety. This Resolution shall supersede it in all respects.

10. This Resolution shall be effective upon adoption.

George G. Perdikakis
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 July 25, 1991.

R. Kenneth Barnes
Secretary