

**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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2020 Industrial Drive
Annapolis MD 21401
(301) 269 3281

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An Agency of
the Department of
Natural Resource

▲
Director
John D. Seffert

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Edward A. Criffith
Corporate Treasurer

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Dr. R. Kenneth Barne
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:

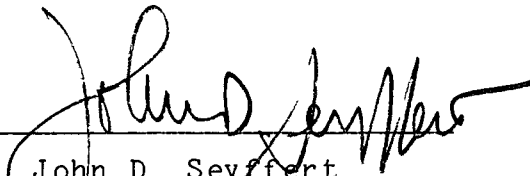
- A The Director may authorize expenditures from the Fund up to a maximum for any one project of \$7,500. The Director may not delegate this authority except to the Deputy Director.
- B All requests for expenditures proposals from the Fund shall provide a written justification which shall articulate 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 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 expenditures 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

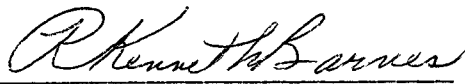
Section 13 The Director is further instructed to secure the review and approval of the procedures mandated by Section 10 hereof by the Secretary of the Department of Natural Resources

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