

**BOARD OF DIRECTORS**  
**MARYLAND ENVIRONMENTAL SERVICE**  
**RESOLUTION**  
**(06-02-1R)**

**A RESOLUTION** authorizing

The formal ratification by the Maryland Environmental Service (the "Service") of the procurement of equipment; assignment of the equipment to a Project Reserve Fund (Internal Service Fund); and borrowing of moneys to finance the purchase of the assets.

**R E C I T A L S**

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the powers (i) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service; (ii) to create and establish project reserve funds; and (iii) 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 or for any other purpose of the Service.

The Service considers the purchase of various vehicles for the use and support of certain projects to be in furtherance of the purposes of the Act and the Service.

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

1. The purchase of the vehicles (the "Assets") shall be, and hereby is, confirmed, authorized and directed pursuant to the provisions of the Act.

2. Certain procurements have been or will be initiated by the Service due to funding availability and project schedules.

3. With regard to the attached list entitled "Capital Equipment Expenditures" and totaling an amount not to exceed Three Hundred Seventy-three Thousand Dollars (\$373,000.00), the Board approves the following: (a) the purchase of the Assets; (b) assignment of the Assets to the Project Reserve Fund (Internal Service Fund) for lease or rental to Service projects; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 4.74%; (d) the use of interfund borrowing, as needed, but only on a temporary basis, to facilitate the purchase transaction; and (e) use of the proceeds of the permanent financing as appropriate to reimburse the interfund borrowing, including, without limitation, financing in the form of a Master Equipment Lease-Purchase Agreement.

4. The purchases shall be, and hereby are, adopted and authorized as set forth above, and the Director of the Service is hereby authorized to proceed as authorized and approved by this Resolution. The Service may make any substitutions of the Assets to any client-specific project it deems necessary.


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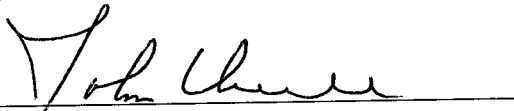
5. This Resolution shall take effect immediately.

ADOPTED, this 27<sup>th</sup> day of February, 2006.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY:   
JAMES M. HARKINS, DIRECTOR

BY:   
JOHN O'NEILL, SECRETARY

**CAPITAL EQUIPMENT EXPENDITURES  
(06-02-1R)**

<u>No.</u>	<u>Description</u>	<u>Model</u>	<u>Estimated Cost</u>
1	Truck	Chevy C2500	\$ 32,755.00
6	Pick Up Trucks	Chevy 1500	\$ 108,840.00
4	Pick Up Trucks	Chevy 1500 (ethanol)	\$ 80,068.00
1	Truck	Chevy 2500HD	\$ 19,812.00
2	Trucks	Chevy Trailblazer	\$ 39,818.00
1	SUV	Jeep Liberty (ethanol)	\$ 23,539.00
1	SUV	Jeep Liberty	\$ 18,496.00
1	Truck	Ford E-350	\$ 25,999.00
1	SUV	Ford Explorer	<u>\$ 20,083.00</u>
18			\$ 369,410.00
	Contingency:		\$ 3,590.00
		<b>Total</b>	<b><u>\$ 373,000.00</u></b>



**BOARD OF DIRECTORS**  
**MARYLAND ENVIRONMENTAL SERVICE**  
**RESOLUTION**  
**(06-05-1R)**

**A RESOLUTION** authorizing

The formal ratification by the Maryland Environmental Service (the "Service") of the procurement of equipment; assignment of the equipment to a Project Reserve Fund (Internal Service Fund); and borrowing of moneys to finance the purchase of the assets.

**R E C I T A L S**

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the powers (i) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service; (ii) to create and establish project reserve funds; and (iii) 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 or for any other purpose of the Service.

The Service considers the purchase of various vehicles for the use and support of certain projects to be in furtherance of the purposes of the Act and the Service.

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

1. The purchase of the vehicles (the "Assets") shall be, and hereby is, confirmed, authorized and directed pursuant to the provisions of the Act.



2. Certain procurements have been or will be initiated by the Service due to funding availability and project schedules.

3. With regard to the attached list entitled "Capital Equipment Expenditures" and totaling an amount not to exceed Fifty Thousand Two Hundred Forty-seven Dollars (\$50,247.00), the Board approves the following: (a) the purchase of the Assets; (b) assignment of the Assets to the Project Reserve Fund (Internal Service Fund) for lease or rental to Service projects; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 4.74%; (d) the use of interfund borrowing, as needed, but only on a temporary basis, to facilitate the purchase transaction; and (e) use of the proceeds of the permanent financing as appropriate to reimburse the interfund borrowing, including, without limitation, financing in the form of a Master Equipment Lease-Purchase Agreement.

4. The purchases shall be, and hereby are, adopted and authorized as set forth above, and the Director of the Service is hereby authorized to proceed as authorized and approved by this Resolution. The Service may make any substitutions of the Assets to any client-specific project it deems necessary.

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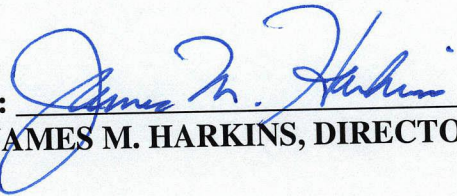


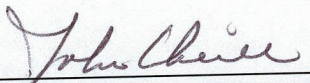
5. This Resolution shall take effect immediately.

ADOPTED, this 25<sup>th</sup> day of May, 2006.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY:   
JAMES M. HARKINS, DIRECTOR

BY:   
JOHN O'NEILL, SECRETARY

**CAPITAL EQUIPMENT EXPENDITURES  
(06-05-1R)**

<u>No.</u>	<u>Description</u>	<u>Model</u>	<u>Estimated Cost</u>
2	Trucks	Ford KUV Cube Vans	\$ 50,247.00
		<b>Total</b>	<b>\$ <u>50,247.00</u></b>

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**BOARD OF DIRECTORS  
MARYLAND ENVIRONMENTAL SERVICE  
RESOLUTION  
(06-05-2R)**

**A RESOLUTION** amending

MES Resolution 03-06-1R, and generally relating to the Human Resources System of the Service.

**R E C I T A L S**

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the power to adopt, formulate, revise and enforce rules and regulations.

Pursuant to the Act, the Service has adopted COMAR 14.27.02 establishing and governing a Human Resources System. Regulation .11 governs the amount of annual leave employees of the Service may earn and accumulate, and the conditions of use of annual leave. Regulation .13 governs the amount of compensatory leave employees of the Service may earn and accumulate, and the conditions of use of compensatory leave.

In recognition of the significant degrees of responsibility, supervision and authority expected of various classes of employees of the Service, the Board previously determined that a more flexible approach to annual leave and compensatory leave was required. On May 26, 2003, the Board adopted MES Resolution 03-05-1R. MES Resolution 03-05-1R modified MES' Human Resources Regulations relating to annual leave, and established policies relating to the amounts and circumstances by which specified classes of employees of the Service may earn and utilize compensatory leave. The Board has now determined to amend the provisions of MES Resolution 03-05-1R. The Service considers the adoption of this Resolution to be in furtherance of the purposes of the Act and the Service.

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



1. Section 5 of MES Resolution 03-06-1R is hereby amended to be as follows:

Employees in the Senior Management Class may earn and utilize compensatory time in accordance with COMAR 14.27.02.14, except that such employees may not carry over from one pay period to the next more than 16 hours of unused compensatory time.

2. Section 6 of MES Resolution 03-06-1R is hereby amended to be as follows:

For calendar year 2006 employees in the Senior Management Class shall be credited with 180 hours of annual leave. Beginning on the first day of the first full pay period of each subsequent calendar year, employees in the Senior Management Class shall be credited with 200 hours of annual leave.

3. Section 8 of MES Resolution 03-06-1R is hereby amended to be as follows:

Unless otherwise required by law, and notwithstanding Section 6 of this Resolution, an employee in the Senior Management Class who is appointed to his or her position during a calendar year shall be credited with annual leave for that year as follows:

- A. If the employee is appointed between the first day of the first full pay period of the calendar year and March 31, the employee shall be credited with 200 hours of annual leave.
- B. If the employee is appointed between April 1 and June 30, the employee shall be credited with 160 hours of annual leave.
- C. If the employee is appointed between July 1 and August 31, the employee shall be credited with 120 hours of annual leave.
- D. If the employee is appointed between September 1 and October 31, the employee shall be credited with 80 hours of annual leave.
- E. If the employee is appointed between November 1 and December 31, the employee shall be credited with 40 hours of annual leave.

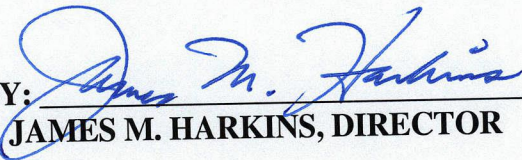


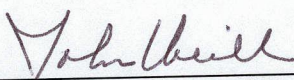
4. All other provisions of Resolution 03-06-1R shall remain unchanged.
5. Paragraphs 1 through 3 of this resolution shall be effective July 1, 2006.

**ADOPTED, this 25<sup>th</sup> day of May, 2005.**

**SEAL**

**MARYLAND ENVIRONMENTAL SERVICE**

BY:   
**JAMES M. HARKINS, DIRECTOR**

BY:   
**JOHN O'NEILL, SECRETARY**



**BOARD OF DIRECTORS  
MARYLAND ENVIRONMENTAL SERVICE  
RESOLUTION  
06-06-1R**

**A RESOLUTION AUTHORIZING**

**THE SERVICE TO INCREASE THE AMOUNT CONTRIBUTED BY THE  
SERVICE TO THE MARYLAND ENVIRONMENTAL SERVICE RETIREE  
MEDICAL REIMBURSEMENT PLANS.**

**R E C I T A L S**

**WHEREAS**, pursuant to §3-103.1(b) of the Natural Resources Article of the Annotated Code of Maryland, the Maryland Environmental Service (“Service”) is directed and authorized to determine and establish compensation and benefits for its employees; and

**WHEREAS**, on June 25, 1998, the Board of Directors of the Service (“Board”) previously approved the development and adoption of the “Maryland Environmental Service Retiree Medical Reimbursement Plans” (“Reimbursement Plans”) to provide reimbursement of medical care for eligible retirees of the Service and their surviving spouses; and

**WHEREAS**, the Board desires to amend the Plan to increase the amount employees and their surviving spouses may be reimbursed for medical expenses.

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

1. The Board hereby confirms the adoption of the Reimbursement Plans on June 25, 1998, and the effective implementation of the Reimbursement Plans on January 1, 1999.
2. The Reimbursement Plans are hereby amended as follows:
  - a. Article II, Definition of “Plan A” is revised to read as follows: “Plan A - The Retiree



**Resolution No. 06-06-1R**  
**Amendment to Retiree Medical Expense Reimbursement Plans**  
**Page 2**

Medical Expense Reimbursement Plan sponsored by the Agency which provides for reimbursement of medical expenses up to \$3,600 per calendar year for Retirees age 60 to 64.”

- b. Article II, Definition of “Plan B” is revised to read as follows: “Plan B - The Retiree Medical Reimbursement Plan sponsored by the Agency which provides for reimbursement of medical expenses up to \$3,600 per calendar year for Retirees age 65 or older.”
  - c. Section 6.4 is revised to read as follows: “Limitation on Benefits – No Participant may receive more than \$3,600 in reimbursements under either Plan A or Plan B for any Plan Year. For this purpose, amounts received that are attributable to reimbursements due the Participant’s spouse shall be considered to have been received by the Participant.”
3. All other provisions of the Reimbursement Plans shall remain the same.
  4. This Resolution shall be effective July 1, 2006.

**ADOPTED, this 29th day of June, 2006.**

**MARYLAND ENVIRONMENTAL SERVICE**

**SEAL**

**MARYLAND ENVIRONMENTAL SERVICE**

BY:   
**JAMES M. HARKINS, DIRECTOR**

BY:   
**JOHN O'NEILL, SECRETARY**



**BOARD OF DIRECTORS**  
**MARYLAND ENVIRONMENTAL SERVICE**  
**RESOLUTION**  
**(06-07-1R)**

**A RESOLUTION** authorizing

The formal ratification by the Maryland Environmental Service (the "Service") of the procurement of equipment; assignment of the equipment to a Project Reserve Fund (Internal Service Fund); and borrowing of moneys to finance the purchase of the assets.

**R E C I T A L S**

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the powers (i) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service; (ii) to create and establish project reserve funds; and (iii) 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 or for any other purpose of the Service.

The Service considers the purchase of various vehicles for the use and support of certain projects to be in furtherance of the purposes of the Act and the Service.

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

1. The purchase of the vehicles (the "Assets") shall be, and hereby is, confirmed, authorized and directed pursuant to the provisions of the Act.



2. Certain procurements have been or will be initiated by the Service due to funding availability and project schedules.

3. With regard to the attached list entitled "Capital Equipment Expenditures" and totaling an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000.00), the Board approves the following: (a) the purchase of the Assets; (b) assignment of the Assets to the Project Reserve Fund (Internal Service Fund) for lease or rental to Service projects; (c) borrowing of moneys for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 5.50%; (d) the use of interfund borrowing, as needed, but only on a temporary basis, to facilitate the purchase transaction; and (e) use of the proceeds of the permanent financing as appropriate to reimburse the interfund borrowing, including, without limitation, financing in the form of a Master Equipment Lease-Purchase Agreement.

4. The purchases shall be, and hereby are, adopted and authorized as set forth above, and the Director of the Service is hereby authorized to proceed as authorized and approved by this Resolution. The Service may make any substitutions of the Assets to any client-specific project it deems necessary.

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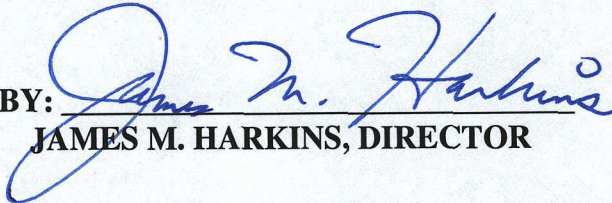


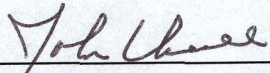
5. This Resolution shall take effect immediately.

**ADOPTED, this 27<sup>th</sup> day of July, 2006.**

**SEAL**

**MARYLAND ENVIRONMENTAL SERVICE**

BY:   
**JAMES M. HARKINS, DIRECTOR**

BY:   
**JOHN O'NEILL, SECRETARY**



**CAPITAL EQUIPMENT EXPENDITURES  
(06-07-1R)**

<u>No.</u>	<u>Description</u>	<u>Model</u>	<u>Estimated Cost</u>
1	Horizontal Grinder		\$ 750,000.00
		<b>Total</b>	<b><u>\$ 750,000.00</u></b>

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COLLECTION  
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**BOARD OF DIRECTORS  
MARYLAND ENVIRONMENTAL SERVICE  
RESOLUTION  
06-08-1R**

**A RESOLUTION**

**Authorizing the Secretary of the Maryland Environmental Service ("Service") to chair meetings of the Board of Directors of the Service ("Board") under certain circumstances.**

**R E C I T A L S**

**WHEREAS**, pursuant to §3-103(b)(2) of the Natural Resources Article, Annotated Code of Maryland, the Board of Directors of the Service is established; and

**WHEREAS**, pursuant to §3-103(c) of the same Article the Director of the Service is the presiding officer of the Board; and

**WHEREAS**, the office of Deputy Director of the Service is currently vacant.

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

- 1.** The Secretary of the Service is hereby authorized to call and chair meetings of the Board on those occasions when both the Director and the Deputy Director of the service are not available.
- 2.** This Resolution shall be effective immediately.

**ADOPTED, this 17th day of August, 2006.**



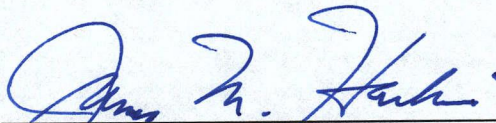
Resolution No. 06-08-1R

Authorization of MES Secretary to Call and Chair Meetings

Page 2

SEAL

MARYLAND ENVIRONMENTAL SERVICE

BY:   
JAMES M. HARKINS, DIRECTOR

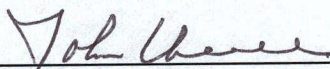
BY:   
JOHN O'NEILL, SECRETARY

EXHIBIT  
SOUTH WORTH  
COLLECTION  
75% Cotton Fiber



**BOARD OF DIRECTORS  
MARYLAND ENVIRONMENTAL SERVICE**

**RESOLUTION**

**(06-09-1R)**

**A RESOLUTION** authorizing

The formal ratification by the Maryland Environmental Service (the "Service") of the procurement of equipment; assignment of the equipment to a Project Reserve Fund (Internal Service Fund); and borrowing of monies to finance the purchase of the assets.

**R E C I T A L S**

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the powers (i) to acquire, purchase, hold, lease as lessee, and use any franchise and any property, real, personal or mixed, tangible or intangible, or any interest therein necessary to carry out the purposes of the Service; (ii) to create and establish project reserve funds; and (iii) 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 or for any other purpose of the Service.

The Service considers the purchase of various vehicles for the use and support of certain projects to be in furtherance of the purposes of the Act and the Service.

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

1. The purchase of the vehicles (the "Assets") shall be, and hereby is, confirmed, authorized and directed pursuant to the provisions of the Act.



2. Certain procurements have been or will be initiated by the Service due to funding availability and project schedules.

3. With regard to the attached list entitled "Capital Equipment Expenditures" and totaling an amount not to exceed Three Hundred Forty-four Thousand Six Hundred Thirty-five Dollars (\$344,635.00), the Board approves the following: (a) the purchase of the Assets; (b) assignment of the Assets to the Project Reserve Fund (Internal Service Fund) for lease or rental to Service projects, including, without limitation, the Midshore Regional Landfill and the Montgomery County Bus Stop projects; (c) borrowing of monies for a term not to exceed seven (7) years to finance the purchase of the Asset, at an annual interest rate not to exceed 5.50%; (d) the use of interfund borrowing, as needed, but only on a temporary basis, to facilitate the purchase transaction; and (e) use of the proceeds of the permanent financing as appropriate to reimburse the interfund borrowing, including, without limitation, financing in the form of a Master Equipment Lease-Purchase Agreement.

4. The purchases shall be, and hereby are, adopted and authorized as set forth above, and the Director of the Service is hereby authorized to proceed as authorized and approved by this Resolution. The Service may make any substitutions of the Assets to any client-specific project it deems necessary.

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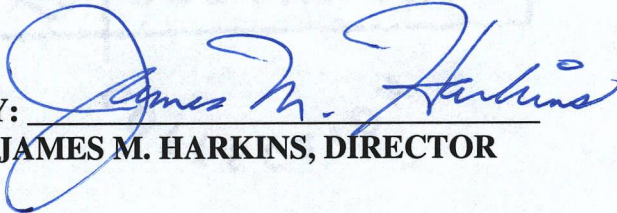


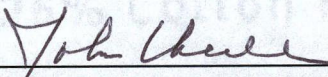
5. This Resolution shall take effect immediately.

ADOPTED, this 28<sup>th</sup> day of September, 2006.

SEAL

MARYLAND ENVIRONMENTAL SERVICE

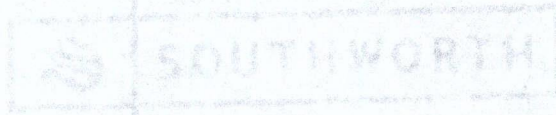
BY:   
JAMES M. HARKINS, DIRECTOR

BY:   
JOHN O'NEILL, SECRETARY



**CAPITAL EQUIPMENT EXPENDITURES  
(06-09-1R)**

<u>No.</u>	<u>Description</u>	<u>Model</u>	<u>Estimated Cost</u>
1	Backhoe loader	John Deere 410G	\$ 88,895.00
1	Ford Pickup Truck	F-550 4x4	\$ 67,360.00
1	Ford Pickup Truck	F-450 4x4	\$ 41,162.00
1	Water Truck	Mack 713	\$ 147,218.00
		<b>Total</b>	<b><u>\$ 344,635.00</u></b>



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**BOARD OF DIRECTORS**  
**MARYLAND ENVIRONMENTAL SERVICE**  
**RESOLUTION**  
**(06-09-2R)**

A **RESOLUTION AMENDING**, Resolution 96-04-1R, as previously amended by Resolution 97-06-1R, Resolution 98-01-1R, Resolution 99-01-1R, Resolution 99-10-2R, Resolution 01-09-1R, and Resolution 05-09-3R; and generally relating to the financial affairs of the Service.

**R E C I T A L S**

The Service was created by, exists under, and exercises the powers contained in Sections 3-101 to 3-130, inclusive, of the Natural Resources Article of the Annotated Code of Maryland (the "Act") including (among others) the power to fix, alter, charge, and collect rates, fees, and charges for the use of or for the services furnished by the Service or its projects, including administrative and overhead expenses. On April 25, 1996, the Board adopted Resolution 96-04-1R. Resolution 96-04-1R provided *inter alia*, for the adoption and use of an Indirect Cost Recovery Methodology for the Service. The Resolution also included an attachment which detailed the Service's Indirect Cost Recovery Methodology. Resolution 96-04-1R was subsequently amended by Resolution 97-06-1R, Resolution 98-01-1R, Resolution 99-01-1R, Resolution 99-10-2R, Resolution 01-09-1R, and Resolution 05-09-3R. The Service has determined to further amend the Indirect Cost Recovery Methodology.

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

1. The Attachment to Resolution 96-04-1R, as previously amended is hereby changed to read as follows:



## Overhead and General and Administrative (G & A) Costs

- Overhead and G & A costs will be accumulated into four cost pools. The four cost pools will be (1) G & A, (2) Environmental Operations Group Overhead, (3) Technical and Environmental Services Group Overhead, and (4) Water / Wastewater Group Overhead. Multiple cost centers will be used to record, manage and control costs and then accumulated for recovery.
- The recovery of G &A and overhead costs incurred on or before June 30, 2007, shall be made in accordance with the methodology adopted by Resolution 05-09-3R. The recovery of G & A and overhead costs incurred after June 30, 2007 shall be in accordance with the following methodology set forth in this resolution.
- The overhead rate for each Group shall be computed by dividing the Group's total billable labor costs for a fiscal year by the Group's total overhead costs for the same fiscal year. The actual base recovery rate for each Group will be confirmed by the Service' independent auditors as part of the Service's regular fiscal year end audit.
- The base recovery rate for G & A costs will be adjusted to meet the following customer criteria:
  1. For that portion of total billable labor costs that exceeds \$434,800 in a fiscal year and is less than \$869,600, the recovery rate will be 75% of the base rate.
  2. For that portion of total billable labor costs that equals or exceeds \$869,600 in a fiscal year, and is less than \$1,242,400, the recovery rate will be 50% of the base rate.
  3. For that portion of total billable labor cost that equals or exceeds \$1,242,400 in a fiscal year, and is not more than \$1,490,900, the recovery rate will be 25% of the base rate.
  4. For that portion of total billable labor costs that equals or exceeds 1,490,900, the recovery rate will be 10% of the base rate.
- Notwithstanding the foregoing, the Director and the Treasurer are authorized to impose a G & A and overhead recovery rate of 54.7% for those projects or activities of the Service which require extensive oversight and administrative support., or which are conducted primarily by personnel who are not part of one of the three Groups for which a cost pool has been created. The Director and the Treasurer are also authorized to reduce the actual amount of overhead charged to a MES client if (a) the total amount of overhead charges to the client in a fiscal year exceeds \$1.5 million, and (b) the client is not charged the alternative G & A and overhead rate previously set forth in this paragraph.
- The most recent audited base recovery rate will be adjusted by the Service for any known or required changes to the rate components. Any adjustment will include retention of two thirds (2/3) of any recovery of costs in excess of actual overhead and G & A costs in a fiscal year. This adjusted recovery rate will then be used by the Service for the next full budget cycle (second fiscal year after the audited year), and will be applied to fiscal year 2005 results for



setting the overhead and G & A rates for fiscal year 2007.

### **Working Capital Charge**

- In addition to the other charges set forth herein, the Service shall charge a rate of three percent (3%) of the labor index to each project for which a Service client has not provided an operating advance. This charge shall be known as the "Working Capital Charge". For purposes of this section, the labor index shall be total billable labor costs for the project.
- The rate of the Working Capital Charge shall not be subject to annual audit adjustment. The Board shall, from time to time, review and adjust, in its sole discretion, the rate of the Working Capital Charge.

### **Fringe Benefit Costs**

- Fringe benefit costs will be accumulated in a single cost center cost pool.
- The base index for recovering fringe benefits is the Service's total labor costs.
- The actual fringe benefits recovery rate for a fiscal year will be confirmed by the Service's independent auditors as part of the regular fiscal year end audit.
- The most recent audited base recovery rate will be adjusted by the Service for any known or required changes to the rate components. Any adjustment will include retention of two thirds (2/3) of any recovery of costs in excess of actual fringe benefit costs in a fiscal year. This adjusted recovery rate will then be used by the Service for the next full budget cycle (second fiscal year after the audited year), and will be applied to fiscal year 2005 results for setting the fringe benefit recovery rate for fiscal year 2007.

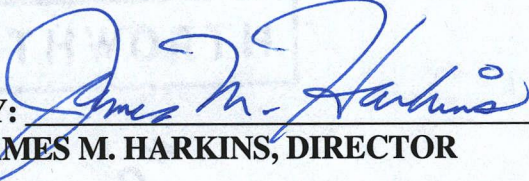
For purposes of this methodology, normal accounting accruals which are consistent with generally accepted accounting principles will be actual costs.

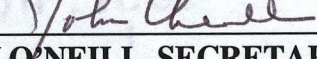


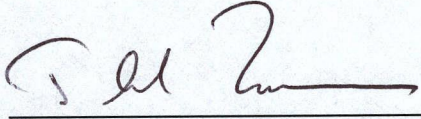
2. All other terms of Resolution 96-04-1R, as amended by Resolution 97-06-1R, Resolution 98-01-1R, Resolution 99-01-1R, Resolution 99-10-2R, Resolution 01-09-1R, and Resolution 05-09-3R remain the same.

**ADOPTED, this 28th day of September, 2006.**

**SEAL**

BY:   
**JAMES M. HARKINS, DIRECTOR**

BY:   
**JOHN O'NEILL, SECRETARY**

BY:   
**JOSEPH C. ZIMMERMAN, TREASURER**



**BOARD OF DIRECTORS  
MARYLAND ENVIRONMENTAL SERVICE  
RESOLUTION  
06-09-3R**

**A RESOLUTION**

**Authorizing the Director of the Maryland Environmental Service ("Service") to close certain offices and facilities of the Service on Friday, November 24, 2006, and further authorizing certain payments to employees of the Service.**

**R E C I T A L S**

**WHEREAS**, pursuant to §3-103.1(b)(4) of the Natural Resources Article, Annotated Code of Maryland, the Service may determine the terms of employment of its employees, including compensation, benefits, holiday schedules, and leave policies; and

**WHEREAS**, the employees of the Service are dedicated, resourceful and hard-working; and

**WHEREAS**, by law, offices of most State agencies will be closed on Friday, November 24, 2006.

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

1. The Director may close the offices and facilities of the Service on Friday, November 24, 2006, except for those offices and facilities which the Service is obligated by law or agreement to operate and have open for business on that day.
2. All employees of the Service shall be granted paid leave on Friday, November 24, 2006, in the same manner as if that day were a Holiday under COMAR 14.27.02.15.A.

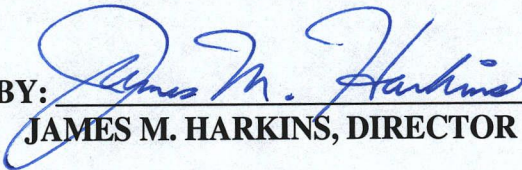


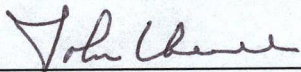
**Resolution No. 06-09-3R**  
**Authorization to Close MES Offices on November 24, 2006**  
**Page 2**

**ADOPTED, this 28<sup>th</sup> day of September, 2006.**

**SEAL**

**MARYLAND ENVIRONMENTAL SERVICE**

BY:   
**JAMES M. HARKINS, DIRECTOR**

BY:   
**JOHN O'NEILL, SECRETARY**

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**BOARD OF DIRECTORS  
MARYLAND ENVIRONMENTAL SERVICE  
RESOLUTION  
(06-10-01R)**

**A RESOLUTION DECLARING**

**THE OFFICIAL INTENT OF THE MARYLAND ENVIRONMENTAL SERVICE TO REIMBURSE EXPENDITURES TO BE INCURRED WITH RESPECT TO THE ACQUISITION, DESIGN, ENGINEERING, PERMITTING, CONSTRUCTION, EQUIPPING, INSPECTION AND FINANCING OF A DREDGED MATERIAL MANAGEMENT PROJECT, AND RELATED FACILITIES TO BENEFIT THE POPLAR ISLAND ENVIRONMENTAL RESTORATION PROJECT, WITH THE PROCEEDS OF BONDS OR OTHER DEBT OBLIGATIONS TO BE ISSUED BY THE MARYLAND ENVIRONMENTAL SERVICE.**

**R E C I T A L S**

**WHEREAS**, to facilitate an efficient borrowing program the Maryland Environmental Service (the "Service") intends to expend money on some or all of the acquisition of real property, and the design, engineering, permitting, construction, equipping, inspection and financing of improvements to the property, located on Chicken Point Road, Tilghman Island, Talbot County, Maryland ("Project") prior to the issuance of bonds or other debt obligations by the Service for such project; and

**WHEREAS**, the Service intends that the Project will serve as a land base to be utilized in connection with the environmental restoration of an island located off the Talbot County shore in the Chesapeake Bay, known as Poplar Island; and

**WHEREAS**, the Service intends to be reimbursed for such expenditures from the proceeds of debt to be issued by the Service; and

**WHEREAS**, to comply with applicable provisions of the Internal Revenue Code of 1986, as amended, and Section 1.150-2 of the Income Tax Regulations, it is necessary in order to reimburse such expenditures with the proceeds of tax-exempt debt, that the Board of Directors of



the Service declare the official intent of the Service to make such a reimbursement of expenditures.

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

1. The Service states its intention and reasonable expectation to use the proceeds of tax-exempt bonds or other debt obligations to reimburse itself for expenditures associated with acquisition, design, engineering, permitting, construction, equipping, inspection and financing of the Project. The Service expects to issue or cause the issuance of bonds or other debt obligations in an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000.00) to finance the Project.
2. This Resolution shall take effect immediately.

**ADOPTED, this 26<sup>th</sup> day of October, 2006.**

**SEAL**

**MARYLAND ENVIRONMENTAL SERVICE**

BY: 

**JAMES M. HARKINS, DIRECTOR**

BY: 

**JOHN O'NEILL, SECRETARY**