



Larry Hogan GOVERNOR

Boyd K. Rutherford LT. GOVERNOR

Charles Glass, Ph.D., P.E. EXECUTIVE DIRECTOR

## **BOARD OF DIRECTORS MEETING MINUTES**

**MEETING 12-21**

**December 17, 2021**

**LOCATION:** Hybrid In-Person/Video Call

**TIME:** 9:30 a.m.

**DIRECTORS PRESENT:** Judge Frederic Smalkin, Chair  
Robert Witt, Secretary  
Robert Neall, Treasurer  
Charles Glass, Ph.D., P.E.  
Shelley Heller  
Marian Hwang, Esq.  
Hiram Tanner (video)

**DIRECTORS ABSENT:** Hon. Nancy Kopp

**OTHERS PRESENT:**

Sean Coleman, Esq.  
Ellen Frketic  
Tim Barr  
Hattie Crosby  
Kenna Oseroff  
Tim Ford  
Pamela Fuller  
Steven King  
Hament Patel  
Melissa Slatnick

Jeff Tosi  
Jewel White  
Amanda Cooper (video)  
Casey Powers (video & in-person)  
Austin Marcum – out at 9:55 a.m.  
Jason Foreman – out at 9:55 a.m.  
Steve Mermelstein (RSM) (video – out  
at 9:49 a.m.)  
Shane Riley (RSM) (video – out at 9:49  
a.m.)

### **CALL TO ORDER**

Judge Smalkin called the meeting to order at 9:33 a.m. Some Board members and staff were present at MES Headquarters, other Board members and staff participated via Zoom video. The meeting was streamed live to the public on YouTube.

### **BOARD ASSESSMENT – RSM**

Steve Mermelstein and Shane Riley from RSM presented the Executive Summary of the 2021 Board Assessment. The Board assessment was required by the MES Reform Act of 2021. Mr. Mermelstein summarized the items reviewed by the assessment and the methodology utilized. They thanked all the Board members and MES staff who assisted them in this process. RSM observed the following:

- Significant transparency noted during observation of the Board
- Meeting structure and level of conversation fostered positive engagement
- Information distributed is well suited to make decisions
- Organizational changes made in accordance with the Reform Act appeared to have adequately segregated roles and responsibilities between the Board and management
- Strategic priority has been focused on meeting the requirements of the Reform Act
- While there are opportunities for continued improvement, there are no major concerns noted during the observation

He then discussed several recommendations for the coming year, including adoption of a Board charter and bylaws and the creation of standard onboarding materials for new Board members.

### **INSPIRE AWARDS**

Mr. Barr presented an Inspire Award to Jason Foreman of the Water/Wastewater Group. Mr. Forman single handedly operated 14 facilities in his region when co-workers were unexpectedly out on leave. He went above and beyond to keep his plants running with no issues or violations.

Ms. Frketic presented an Inspire Award to Casey Powers and Austin Marcum of the IT department. Mr. Powers and Mr. Marcum used creativity and ingenuity to create the camera/tv carts used to stream hybrid meetings, at a cost savings of over \$55,000 from what was quoted by a vendor.

### **MINUTES**

Judge Smalkin requested discussion or a motion for the approval of the minutes of the meeting of November 18, 2021. No corrections or objections were noted. The minutes were unanimously approved.

**EXECUTIVE DIRECTOR'S REPORT**

Dr. Glass presented the Executive Director's and Deputy Director's expense report for the last month. The charge on these reports stemmed from the Deputy Director's participation in the Chesapeake Water Environment Association Conference.

The agency has completed the draft Greenhouse Gas report for the General Assembly which was distributed to Board members last week. Dr. Glass extended his thanks to Dr. Jahan, Mr. Razik and all the staff who helped write and review this report. Pending a few final minor edits, the report is now ready to be included in the package of documents to be sent to the Governor and the General Assembly.

Dr. Glass spent time over the last month engaging with several clients, including a trip to Western Maryland to visit with officials of Garrett, Allegany, and Washington Counties. He also visited MES Baltimore/Washington Thurgood Marshall Airport (BWI) maintenance shop for a tour. In addition, Dr. Glass met with the County Executive for Montgomery County.

Analysis of the Human Resources report led to several questions about vacant positions. A more thorough review revealed that old PIN numbers were not included in Workday and the requisition process for positions needed to be cleaned up. HR staff and Group Administrators have now gone through all old requisition requests in Workday. Workday can now be used to evaluate positions. Group Administrators and Hiring Managers will be trained to use Workday for this new process. The system will be updated every pay day. More accurate reports will be forthcoming.

The majority of current vacancies are in Water/Wastewater (19) and Environmental Operations (32). Most of the WWW vacancies are Operators in Training (OIT), and the Executive office is initiating outreach to vocational programs and colleges throughout the State. Secretary Neall suggested the agency also reach out to recruit retired military personnel. Environmental Operations has grown its total number of positions from 256 to 272 over the last 12 months. Many of the vacancies are in labor and technical positions. Seven positions have been eliminated on the Administrative side of the agency, helping to reduce overhead costs. Rumors of a cost-of-living adjustment by County governments, as well as the State government are being monitored.

The agency has begun the process of reviewing its Strategic Plan for FY23 through FY28, based on the three pillars - Safety, Level of Service, and Education and Training. Input and suggestions from the Board are welcome over the next few months. The goal is to have the draft Strategic Plan completed by the end of the fiscal year.

### **AGENCY ACTIVITY REPORT**

Judge Smalkin presented the Agency Activity Report and asked if there were any questions. Ms. Slatnick addressed a question about the five-million-dollar contract with the Maryland Emergency Management agency. The MOU will cover a variety of tasks to be added over the course of this overall agreement.

### **FINANCIAL REPORT**

The October financial statements were included in the Board packet. Due to the early meeting date, the November packet was not ready yet, however, Mr. Patel reviewed the preliminary November 2021 financial update. Labor sales were lower than FY21. Billable labor has been lower, but expenses have also been lower. The change in net assets is an increase of \$2.6 million, similar to last year. The total net assets by the end of the year are typically a 50/50 mix of invested capital assets and unrestricted net assets. This amount fluctuates throughout the year, but usually is near 50/50 at year end. Any increase in net assets at the end of the year can be used for BEST payments or investments in capital assets. The 2022 Financial plan provides the details for the Budget v. Actual report.

The Accounts Receivable past-due over 90 days is similar to last month. Collection activity continues.

### **RESOLUTION 21-12-1R**

Mr. Coleman and Mr. Patel presented Resolution 21-12-1R to create the Eastern Correctional Institution (ECI) Energy Upgrade Project Reserve Fund. The fund is subject to approval by the Secretary of Budget and Management and would transfer money left over from FY21 reimbursable projects into the fund for future fiscal years. The fund cannot exceed \$2,000,000 at any time and may only be expended for the Energy Upgrade project at ECI. Expenses must also be approved by the MES Board of Directors. Any monies not spent by June 30, 2024 will be remitted back to the State. The work stems from the conversion of the ECI Energy plant from wood chips to natural gas. Ms. Hwang made a motion to approve the Resolution, Ms. Heller seconded. The resolution passed unanimously.

**RESOLUTION 21-12-2R**

Mr. Patel presented Resolution 21-12-2R for updates to the MES 401K plan administered by Vanguard. The IRS requires the plan to be evaluated and restated every 6 years. The updates do not change the terms of the plan but do more accurately reflect current practices. Mr. Patel then summarized the changes to the 401K documents. The documents are due by December 30 and will be effective January 1. The Office of Attorney General also had an attorney at Whiteford Taylor, who concentrates in retirement plans, review the documents and provide comments. Secretary Neall made a motion to approve the Resolution, Mr. Witt seconded. The resolution passed unanimously.

**FY21 FINANCIAL STATEMENTS**

RSM, the financial auditors have issued an unmodified opinion with no findings for FY21. The clean opinion is now complete and certified. The auditors noted no problems with internal controls. The report will now be included in the back of the agency 2021 Annual Report.

**HUMAN RESOURCES REPORT**

Ms. White presented the newly revised Human Resources report. The agency has 738 active positions. The vacancy rate is 7.75%. Now that the position control system has been activated in Workday, a snapshot report will be generated every pay day.

The STAR Commission recommended evaluating the relationships between MES and the Maryland Clean Energy Center and the Chesapeake Bay Trust. Dr. Glass will now be signing the timesheets for their Executive Directors and generally overseeing their workload. However, they each remain accountable to their own Boards.

**RESOLUTION 21-12-3R**

Ms. White presented Resolution 21-12-3R to make a one-time payment of \$100 to all employees who receive their Covid vaccination. This resolution is the same as the practice followed by the State earlier this year. Employees must prove their vaccination or exemption status. Ms. Hwang made the motion to approve the Resolution, Ms. Heller seconded. The motion passed unanimously.

**PROCUREMENT ITEMS**

Ms. Crosby presented Item 1. The procurement is a change order with ProAmpac Holdings, formerly Trinity Packaging Co. for \$299,600. It is for the final renewal period

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to purchase Leafgro® bags for the Montgomery County Composting Operation. There is a 0% Minority Business Enterprise (MBE) goal. Secretary Neall made the motion to approve the item, Ms. Hwang seconded. No members were opposed, the motion passed unanimously.

Ms. Crosby presented Item 2. The procurement is for preliminary and post-preliminary county-wide Risk MAP study data in St. Mary's County. Wood Environment & Infrastructure Solutions Inc. will provide the services at a cost of \$249,826. There is a 30% MBE goal. Ms. Hwang made the motion to approve the item, Mr. Witt seconded. No members were opposed, the motion passed unanimously.

Ms. Crosby presented Item 3. The procurement is for site improvements at the Clements Convenience Center. Rainbow Construction Corp of Waldorf will provide the services at a cost of \$626,880. There is a 16% MBE goal. Ms. Heller made the motion to approve the item, seconded. No members were opposed, the motion passed unanimously.

Ms. Crosby presented Item 4. The procurement is for engineering services for the wastewater treatment facility improvements at Camp Fretterd Military reservation. George, Miles & Buhr, LLC will provide the services at a cost of \$397,900. There is a 18% MBE goal. Secretary Neall made the motion to approve the item, Mr. Witt seconded. No members were opposed, the motion passed unanimously.

Ms. Crosby presented Item 5. The procurement is a change order with Eastern Shore Forest Products for a not to exceed amount of \$10,906,800. It is for the purchase of wood chips for the ECI Co-Gen Energy plant. There is a 0% MBE goal. Ms. Hwang made the motion to approve the item, Mr. Neall seconded. No members were opposed, the motion passed unanimously.

The Board Notifications for Contracts, Purchase Orders, Amendments, and Change Order between \$25,000 and \$200,000 were reviewed.

**LEGAL REPORT**

Mr. Coleman reported there were no significant changes since last month. His office remains available to provide any assistance the Board may require implementing the recommendations of the Board assessment.

**OLD/NEW BUSINESS**

Judge Smalkin expressed his thanks to the MES staff and Board for their hard work over the last year.

Dr. Glass announced that with this meeting, the agency has now completed all the requirements of the MES Reform Act. A final report will be submitted to the Governor and the General Assembly. He also expressed his gratitude to State Treasurer Kopp for her service on the Board and extended his welcome to incoming State Treasurer Davis as he joins the MES Board.

The next meeting of the Board is Thursday, January 27 at 9:30 a.m.

**ADJOURNMENT**

Upon motion by Judge Smalkin, the meeting adjourned at 11:07 a.m.



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**ROBERT L. WITT, II**  
**SECRETARY**



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**HONORABLE FREDERIC N. SMALKIN**  
**CHAIR**