



Larry Hogan GOVERNOR

Boyd K. Rutherford LT. GOVERNOR

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

## **BOARD OF DIRECTORS MEETING MINUTES**

**MEETING 10a-22**

**October 10, 2022**

**LOCATION:** Headquarters/Video Call

**TIME:** 1:00 p.m.

**DIRECTORS PRESENT:** Honorable Frederic N. Smalkin, Chair (video)  
Robert Witt II, Secretary (video)  
Honorable Robert R. Neall, Treasurer  
Marian C. Hwang, Esq. (video)  
Shelley L. Heller (video)  
Hiram L. Tanner, Jr., P.E. (video)  
Charles C. Glass, Ph.D., P.E.

**DIRECTORS ABSENT:** Dereck E. Davis, State Treasurer

**OTHERS PRESENT:**

Sean Coleman, Esq. (video)  
Ellen Frketic (video)  
Hament Patel  
Pamela Fuller

Jana Leech (video)  
Casey Powers (video)

### **CALL TO ORDER**

Judge Smalkin called the meeting to order at 1:00 p.m. Some Board members and staff were present at Maryland Environmental Service (MES) Headquarters, and other Board members and staff participated via Zoom video call. The meeting was streamed live to the public on YouTube.

### **MINUTES**

Judge Smalkin requested discussion or a motion for the approval of the minutes of the Board meetings on September 29, 2022. No corrections or objections were noted, and the minutes were unanimously approved.

**BEST FY22**

Judge Smalkin asked Ms. Frketic and Mr. Patel to discuss the BEST program.

Ms. Frketic reviewed the final status of the FY22 Building Excellence and Success Together (BEST) Goals. The agency achieved 100% with all goals, except for one. Covid restrictions in January and February prevented in-person sexual harassment training and limited the number of attendees when in-person training resumed. Despite restrictions, the agency was able to train 60% of employees, rather than the targeted 90%. She also summarized key accomplishments of each goal.

Mr. Patel provided background information on MES and the BEST program. The agency was created with an independent personnel system based on merit and performance. The BEST Program was created in July 1999 to reward employees for their contributions toward agency goals.

Mr. Patel reviewed the components of the BEST funding. As dictated by the resolutions creating the BEST program, the funding for the BEST program comes from each year's net earnings. The net earnings are made up of fringe variance, overhead variance, project variance, working capital, the equipment fund and interest income. These items total \$4,577,000. In addition, he is recommending adding \$37,992 left over from the FY21 BEST fund that were not paid out due to eligible employees who left before the payout, for a grand total of \$4,614,992. This is about one million dollars more than last year. This increase is almost entirely due to an increase in the project variance funds due to increase in billable labor in the service enter projects. In FY21 the service center projects were losing money. In FY22 the projects were more closely monitored, resulting in more billable labor and less overhead labor. This resulted in a large variance. The service center projects have been eliminated for FY23.

Since the agency met 98% of its goals, and the only goal not fully met was beyond the control of agency employees, the agency is recommending distributing 100% of the BEST pool. From that full total, the agency will deduct the amounts necessary to pay FICA, Medicare, and 401k for eligible employees. This leaves \$4,063,962 for the BEST pool. MES management is recommending distributing that pool as follows:

- BEST Amount                      60.03%              \$2,439,596 (\$4,025 per employee)
- BEST PLUS                              35.30                      \$1,434,696
- Executive Incentive                      4.67%                      \$189,670

Efforts are being made to ensure BEST Plus is distributed in a fair and transparent manner to as many employees as possible. No employee will receive a BEST, BEST Plus, or Executive Incentive that totals more than 14% of their base salary. BEST Plus is connected to annual performance appraisals.

Mr. Patel reviewed the 5-year comparison of BEST payouts.

Ms. Hwang commented that the purpose of the BEST program was to recognize the contributions and achievements of MES employees. She mentioned the numerous Inspire awards given over the last year that acknowledged the dedication and efforts of employees. Due to the collective efforts, achievements, and mindset demonstrated by the employees on behalf of the agency and its clients, she is recommending the agency award the BEST pool as recommended by management. Judge Smalkin agreed.

Secretary Neall asked when the sexual harassment training would be completed. Ms. Frketic indicated it has been and will continue to be ongoing as new employees join the agency. He also expressed his desire for consistency in the funding over the years. The ups and downs in financial availability may not be reflected in performance achievements. He felt the agency should be more deliberate in how the program is funded, and less based on after-the-fact funding factors. This would make the process more transparent to everyone. Mr. Patel indicated the program was based solely on net earnings when it was created. Dr. Glass and Mr. Patel are willing to explore avenues to stabilize the funding sources against external factors.

Ms. Hwang made a motion to approve the funding as presented, Judge Smalkin seconded. There were no further comments or objections. The motion passed unanimously.

**ADJOURNMENT**

The closed session and the meeting adjourned at 1:40 p.m.



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



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