

# Management Council Meeting Minutes



*Maryland Correctional Enterprises*

**Location:** Virtual

**Date:** September 24<sup>th</sup>, 2024

**Time:** 10:00am

**MCE Staff:**

Stephen Sanders      Tara Smith      Janet Lane      Mark Rowley      Adam Cummings

**Council Members:**

<b>AGENCY</b>	<b>REPRESENTATIVE</b>	<b>PRESENT (Y/N)</b>
DIRECTOR OF THE COUNCIL	Tara Smith	Y
COMMISSIONER (DPSCS)	Phil Morgan	Y
COMPTROLLER'S OFFICE	Emily Hollis	Y
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	Y
MEMBER OF THE SENATE	Senator Alonzo Washington	N
UNIVERSITY OF MARYLAND SYSTEM	Thomas Hickey	Y
DEPARTMENT OF EDUCATION	Krishnanda Tallur	N
DEPARTMENT OF LABOR	<b>Vacant</b>	<b>N/A</b>
GOVERNOR'S OFFICE OF CRIME PREVENTION	Bethany Young	Y
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	N
ORGANIZED LABOR (PRIVATE SECTOR)	<b>Vacant</b>	<b>N/A</b>
MARYLAND JUDICIARY	Judge Lisa Broten	N
BUSINESS COMMUNITY	Jack Weber	N
BUSINESS COMMUNITY ( <b>CHAIR</b> )	Melvin Forbes	Y
NON-PROFIT REPRESENTATIVE	Janay Harris (Vehicles for a Change)	N

**CEO Update - Stephen Sanders**

- Good morning and welcome, to the September 24, 2024 Management Council Meeting and our first meeting for FY25.

- I would also like to take a moment to welcome our newest member to the Management Council representing the Comptroller's Office, Deputy Chief of Staff Emily Hollis. Thank you Emily for joining our team.
- I would also like to announce that Ashley Lohr will no longer be the MCE Executive Director for the Management Council. Ashley has been working for HRSO for over a year now and unfortunately, her job duties are so extensive in her new position that she will no longer be able to assist us as MCE Management Council Director.
- However, I am very happy to announce that MCE Marketing Director, Tara Smith, will be our new MCE Executive Director for the Management Council.
  - Thank you Tara for volunteering to take on this important role.
- Special thanks to our former members in FY 2024: Carly Seidman, Governor's Office of Crime Control and Prevention and Justin Hayes, Maryland Comptroller's office.
- SB 194 State Procurement - Preferred Provider Requirements – Waiver
  - As of October 1<sup>st</sup>, 2024: This bill authorizes the Pricing and Selection Committee for Preferred Providers to grant a waiver, under specified conditions, to a State or State-aided or -controlled entity from the statutory requirement to purchase supplies or services first from Maryland Correctional Enterprises (MCE). It also requires MCE to report annually on the length of time between each order and delivery of supplies and services. The Department of General Services (DGS) must adopt regulations to implement the bill. This legislation takes effect October 1, 2024.
- MCE September Sales are \$2,163,147
  - FY 25 sales thus far are \$16,263,719 million.
- The MCE program participant count at the end of FY 24 were 1,150. September participant count is holding at 1,150.
  - We plan to reduce the number of participants through attrition to 1100 to ensure that all our program participants are benefitting from the program as the volume of sales is dropping and with it, the volume of work.
- Our current staff vacancy rate is 21%.
- The bulk of the FY24 State Office Complex projects are complete aside from punch items.
- I am very proud to announce that the MCE Financial results for FY 24 are in. Mr. Rowley will provide you with a snapshot of this record-breaking performance by the MCE team and our proud program participants in FY 24.
- State Office Complex Progress:
  - SDAT has been completed
  - Comptroller:

- 2<sup>nd</sup>, 3<sup>rd</sup>, and Mezzanine floors have been completed
- 4<sup>th</sup> and 5<sup>th</sup> floor are on punch (95% complete)
- Maryland Dept. of Labor:
  - 2<sup>nd</sup> and 5<sup>th</sup> floor have been completed
  - 9<sup>th</sup> floor is on punch (95% complete)
  - 3<sup>rd</sup> floor delivery and install began on September 23<sup>rd</sup>, 2024
- Dept. of Information Technology:
  - Punch delivery scheduled for September 25<sup>th</sup>, 2024
- Office of the Public Defender:
  - 1<sup>st</sup> floor is on punch(99% complete)
  - 2<sup>nd</sup>, 3<sup>rd</sup>, 5<sup>th</sup>, and 6<sup>th</sup> floors have been completed
- Dept. of Human Services:
  - Basement, 10<sup>th</sup>, 16<sup>th</sup>, and 17<sup>th</sup> floors are on punch (99% complete)
  - 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, 18<sup>th</sup>, and 19<sup>th</sup> floors complete
- As the 100% self-supporting vocational arm of the Department of Corrections, it is Maryland Correctional Enterprises' (MCE) goal and mission to provide participants with the needed opportunities to help them succeed upon release while contributing over \$2.5 million in participant compensation in FY24.
- The average compensation in FY 24 for MCE program participants was \$220 per month.
- The highest compensation in FY 24 for MCE program participants assigned to the Partition Plant located within MCIH in Hagerstown was in excess of \$600 per month.
- For years, Maryland, and MCE has been recognized by the NCIA as being in the top ten Correctional Industries in the nation for Total Sales (reported by NCIA in FY 24 report for FY 23, #6) and Incarcerated Individuals participating in the program (reported by NCIA in FY 24 report for FY 23, #6). MCE is also dedicated to be a leader in Incarcerated Individual stipend compensation.
  - Maryland is 9<sup>th</sup> in daily stipend average for incarcerated individuals in the United States. However, Maryland, MCE has the highest daily stipend rate in the country that does not take any deductions from its participants.
- Since 2020, MCE has spent nearly \$5 million with sixteen MBE Maryland businesses.
  - Our Records indicate that our MBE spending totaled \$ 1.1 million in fiscal year 2024 alone. In fiscal year 24, MCE approved waivers in excess of \$30 million to our small customer base

of State and Local Government agencies, State Universities and Colleges, and non-profit entities.

- These waivers equate to additional opportunities that are available to businesses who have registered as an MBE with the State.
- With the assistance of Mr. Jack Weber and coordination with DPSCS Reentry Director Renard Brooks, A PSA is being filmed to educate and highlight some of the highlights of MCE to those unfamiliar with our program.
- MCE Program Participant Rules and Regulations that you all should have received for your review will soon be printed and distributed to all of the MCE business units and those who participate in MCE programming.
  - The last time that this handbook was distributed was in July Of 2018. A lot has changed since then and we recognized the need to provide an updated version.
  - This document has approved by the Department of Public Safety and Correctional Services Executive Team.
- I am sure that you are all aware that MCE achieved American Correctional Association (ACA) Accreditation in 2009, 2012, 2015, 2018 and 2022. MCE is up for re accreditation once more. The ACA auditors will arrive the week of October 7, 2024.
- Planning for FY25:
  - MCE has been able to improve delivery time as well as customer service through the Quick Ship Program. The Quick Ship Program provides pre made standard products on hand in the warehouse for those who need it fast. We will deliver Quick Ship products within fifteen business days of receiving the order.
- Unfortunately, the great majority of our customers order specials or custom furniture, which are made to order products based on the end user's specifications.
- Furniture restoration and reupholster is an area that MCE intends to improve its delivery times.
  - Currently, customers request an evaluation and quote to reupholster their furniture. MCE picks up the furniture at the customer's request, which starts the clock.
  - It may take weeks before the fabric, cushions or component parts arrive for the restoration.
- To reduce the time in which it takes MCE to complete the restoration, once a purchase order is input into the MCE ERP system, MCE will order the fabric, cushions or component parts for the job in question. When the materials arrive, MCE will schedule the pickup of the furniture. The work may begin when the furniture arrives at the plant.
- Thus shortening the time that the furniture is out of the customer's possession.
- To improve delivery time and customer service further, MCE Sales Industry Reps will request individual lead times of the Furniture Restoration Plant to provide to their customers so that they have

a true understanding of how long the job will take. Instead of telling every customer twelve to sixteen weeks.

- Knowing that the process time for restoration completion is also affected by the volume of work in the plant at the time of arrival, scheduling restoration work during slow times will result in a quicker turn around and happier customers.
- Scheduling during winter or summer break which is often the case for colleges and universities will require honest assessments.
- To improve customer service, MCE has hired additional customer service representatives
- To improve customer service, MCE is researching a new website to make the ordering process more user friendly.
- To improve customer service and reduce delinquencies by our customers, MCE has hired additional staff for Accounts Receivable.

### **Financial Report – Mark Rowley**

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- Good morning everyone.
- For FY24, statements show a record of \$68.7 million in revenue generated, a 25% increase from last year's revenue.
  - Much of these sales are due to the large capital projects we've been going through.
- MCE generated \$2.7 million in profits for FY24. Compared to \$1.7 million in profits for FY23.
  - With an annual goal of 3% profit, we are at 4% for FY24.
    - These numbers are unaudited numbers. We have our auditors on hand. They are hired by DBM for the entire State of Maryland.
      - November 15<sup>th</sup> they will give their official opinion.
- Continuing to work with our new ERP system. We've had some challenges, but we are learning and doing better with it.
- Accounts Receivable has a corrective action plan in place stemming from the OLA Audit.
- We had received an \$8.2 million dollar budget amendment in FY24.
- Cash is returning to us and we are financially healthy.

**Melvin Forbes:** How was the system coming along? Has the vendor become more customer friendly and responsive to your needs?

**Mark Rowley:** The vendor comes on site. It has been a challenge to implement this, especially during the pandemic. Trying to get the internal control. The vendor is being a bit more responsive. It has created a lot more work. The technology has added steps. We are improving overall.

**Melvin Forbes:** I am familiar with the antiquated system that was in place.

### **Reentry Update – Janet Lane**

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- We completed the C.A.R.E.S program at ECI for all three shops. 155 attended the classes.
- As you may remember, we are in the process of a series of classes taught by the Pivot Program for our Women shop participants at MCI-W. The topic is Reentry & Coping with the effects of Trauma. On July 23, second class had their graduation. The women were so appreciative to Pivot and their peers for what they learned and how they connected as human beings. Two weeks ago, we began the third cohort of women taking this seven-week course. 25 women have completed this training.
- One of our managers, Marsha Groover at MCI-W Shop #113 designed and implemented a six-week class on conflict resolution. 41 women attended and received certificates.
- We are currently still at JCI for our C.A.R.E.S classes. The facility has had some challenges and we had to postpone many classes. We hope to complete all of the classes by November 12.
- Our next C.A.R.E.S program will be at RCI. There are 67 men in our #149 graphics shop to receive this training.
- There are 14 people who were released in August.
- After two years of waiting for approval, we are finally able to bring virtual workshops to our MCE shops from Industrial Bank who provides valuable financial information and how people can open a savings account via mail application. This bank has been providing this service for many years to people in the DC Detention Center and now can assist MCE participants and others. Personal bankers are assigned to all those opening a bank account.
  - So far, 82 MCE participants have received these workshops. 53 women will have this training this Thursday.
- 18 MCE participants were released in September and we assisted 16 of those. So far, 13 people will be released in October.

### **Members Reports**

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**Phil Morgan:** Nothing to report at this time.

**Thomas Hickey:** Received from the Board of Public Works – revised procurement policies and procedures. Highlights – service contracts using university employees, can cancel solicitation, policy and liquidated damages.

**Stephen Sanders:** The MCE Business Luncheon is scheduled for Friday, September 27<sup>th</sup>, 2024 at the Sykesville VFD in Sykesville, MD from 9am to 1pm. If you haven't received an invite and need one let me know. We look forward to everyone being here and talking with us.

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### **Upcoming Events: Annual Business Luncheon: September 27<sup>th</sup>**

**Management Council Meeting: December 17<sup>th</sup>, 2024 at 10:00am (Virtual)**

***Maryland Correctional Enterprises***

**Location:** Virtual

**Date:** December 17<sup>th</sup>, 2024

**Time:** 10:00am

**MCE Staff:**

Stephen Sanders      Tara Smith      Janet Lane      Mark Rowley      Adam Cummings

**Council Members:**

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
DIRECTOR OF THE COUNCIL	Tara Smith	Y
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MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	N
MEMBER OF THE SENATE	Senator Alonzo Washington	N
UNIVERSITY OF MARYLAND SYSTEM	Thomas Hickey	N
DEPARTMENT OF EDUCATION	Krishnanda Tallur	N
DEPARTMENT OF LABOR	<b>Vacant</b>	<b>N/A</b>
GOVERNOR'S OFFICE OF CRIME PREVENTION	Bethany Young (including Brandi Cahn)	Y
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	Y
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MARYLAND JUDICIARY	Judge Lisa Broten	N
BUSINESS COMMUNITY	Jack Weber	N
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NON-PROFIT REPRESENTATIVE	Janay Harris (Vehicles for a Change)	N

**CEO Update - Stephen Sanders**

- Good morning and welcome to the December 17<sup>th</sup>, 2024 Management Council Meeting and our last council meeting for calendar year 2024. It has been a very busy year for MCE and with every challenge comes opportunity. We have a few mantras at MCE. “Slow is fast”, “do it right the first time”, and “carpe diem”. We try to seize the day every day.
- Thank you to all of you for your support and dedication.
- MCE program participant count at the end of FY24 was 1,150.
- As of December the participant count was down to 1,069. This reduction in force is temporary and is driven by the volume of work available for training. Our target for the end of FY25 is 1,065.

- Current vacancy rate is 20%.
  - 14 candidates awaiting confirmation from DPSCS HR.
- The FY24 State Office Complex projects are complete.
- The MCE Program Participant Rules and Regulations Handbook has been distributed to all MCE participants.
- The Annual Report and Management Council report are complete. Please visit the website for the revised reports.
- I am sure that you are all aware that MCE achieved American Correctional Association (ACA) Accreditation in 2009, 2012, 2015, 2018 and 2022. The ACA auditors completed their most recent audit of MCE the week of October 7, 2024. The audit went very well. We expect to receive our reaccreditation at the next ACA Conference Meeting.
- This summer MCE participated in a Workgroup sponsored by DGS as the request of the legislature to evaluate concerns regarding MCE and our Preferred Provider Status.
  - The work of the Workgroup is complete and the written report submitted by DGS. MCE would like to commend DGS and the members of the Workgroup for their professionalism and hard work throughout the process. I am sure the outcome will be in our favor.
- Although the financials are extremely important, the reason for our existence is not the products we produce or the services we provide to our valued customer base. The true purpose of our existence is the people and their training, rehabilitation, and reentry back to society. Our focus on programming and education combined with the MCE CARES program is our driving force.
- I would like to share some success stories with you now to bring this into perspective. Also, please keep in mind that over 20% of MCE staff is comprised of formerly incarcerated individuals.
- The following are excerpts (emails and messages) sent to Janet Lane, Director of Reentry:
  - Von: He wanted to thank Regional Manager, Ricky Rowe, for his wise counsel and he just wanted us to know how much he appreciated MCE and the support he received.
    - Von works full time for the PG County Department of Works and Transportation doing stone masonry. On the weekends, he goes to CDL training. In addition, he just got engaged!
  - Lance: Released in January 2023 after being at an MCE Graphics shop for 8 years. He was employed full time in February 2023. He works for a construction company in the District of Columbia running the front-end loader for \$21/hour. In the winter he works 40 hours/week whereas in the warmer months, he works 50+ hours with overtime being paid time and a half. He has full benefits and now owns his own car as well.
  - James: He was released in October, 2023. He was with MCE for over three years and also earned his Goucher College degree as well as an academic award. Once he left his treatment program he was hired by Goucher College to work with one of their partner agencies, The Chris Williams Foundation. James teaches classes on coping with trauma and moving on with your life. He teaches this at Goucher College, and other schools as well as the organization, Vehicles for Change. They are working on getting him clearance

- to go back into the Department of Corrections to run classes and hopefully we can use him for current MCE participants. In addition, Goucher College told him they may hire him to be the Director of Alumni Relations and focus mainly on those returning to education from incarceration. He earns \$50/hr.
- Terrence: Janet Lane was able to speak to Terrence at a local event in August of 2023. He is doing great. He said that MCE was the bright light of his incarceration. He thanks MCE so much for guidance and help.
  - Spencer: MCE's premier cabinetmaker. As of June 2023, he was working as a cabinetmaker for \$28/hr.
  - Kelly: After being with MCE for 5 years, Kelly was released last summer. He secured a job with the Carpenter's Union in October. He is now earning \$30/hr.
  - Albert: He was released in December 2023 after serving 46 years (27 years with MCE). The first thing he was able to do with his earnings from MCE was purchase a Cadillac!
  - Robert: Robert was released in February 2024 and was with MCE for over 20 years. He credits Shop Manager, Ms. Francis at JCI with so much of his success! He was a juvenile lifer who received a delayed release to complete work release for five months, which he did. While at JCI, he received his BA degree and earned a Peer Recovery Specialist certification. He attended our Mentoring and Leadership class and was an outstanding participant. He was offered a Peer Recovery job making \$31/hr. He had been in since he was a teenager.
- I really wanted to share the personal side of MCE. We would not have enough time to share them all during this meeting.
  - During the holiday season we recognize that our program participants are unable to celebrate at home with their families. That is why every year, this year included, we have MCE Holiday Sub Day. Every participant will be provided with a fresh sub, bag of chips, and a soda to every participant to remind them that they have a support system.
  - Thank you all for being part of our story.

### Financial Report – Mark Rowley

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- Season's greetings everyone.
- FY25 is off to a very good start. Sales through December 5<sup>th</sup> are at \$30.1 million vs \$25.4 million at the same point last year.
  - An increase of \$4.7 million or 18%. Part of this is attributed to the large capital projects related to the State Complex move in Baltimore City.
- Our cash, which was down to a record low of \$700k, has rebounded and we now have \$10 million in the bank.
- Accounts Receivable balance is at \$15 million. Unfortunately, over \$8 million is past due. The Department of Labor alone owes us \$6 million past due. We have reached out to their senior management and have made no progress. We recently forwarded the top 10 past due customers to the Secretary of the Department of Public Safety and Correctional Services.

- In addition, we are sending past due notices and escalating all of the accounts when applicable.

**Emily Hollis:** Quick question regarding the Department of Labor, is the past due balance due to the relocation move?

**Mark Rowley:** Yes. We have proof of delivery, but have had no resolution. We had to go to Annapolis and discuss this. We are sending dunning notices now and our Secretary is helping. She is very involved with these things.

- The Office of the Attorney General is coming to perform a follow-up audit sometime in February of 2025.
- The state is predicting budget shortfalls in the coming fiscal year. As a result DBM is asking for our cash balance on hand. I expect they will remove some funds from us in FY25 and FY26. I am not sure what this will do to some of our future planning, but we are trying to upgrade the agency:
  - A. We are looking to use funds to improve our website at an estimated cost of \$1 million.
  - B. Equipment upgrades in the graphics and tag plants with an estimated cost of \$1.5 million.
  - C. Cold storage facility for the MCE Meat Plant, with an estimated cost of \$750k.
  - D. Additional staffing to improve the agency.

### **Concerns Survey – Tara Smith**

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- We will be conducting our annual participant survey as mandated. Previously a thirteen question survey was created that provided participants the opportunity to analyze the safety and quality of the programming which included quality of training, stipends, and promotional opportunities. Participants will also be able to provide additional comments as well as recommendations for reentry programs and operations overall.
- The results from last year's survey were pretty favorable utilizing the thirteen questions presented and we would like to move forward with the same survey questions for a new group of program participants pending approval by the council.

### **Reentry Update – Janet Lane**

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- Since September, our lunchtime learning workshops in collaboration with Industrial Bank have continued and taken place in more shops: MCI-W 52 women from all shops. Men from #122 & #124, #152, #123 & #112 for a total of 135 men and women. Many now have savings accounts and some have CD accounts.
- We wrapped up our C.A.R.E.S classes at JCI on November 22<sup>nd</sup>.
  - 280 men earned certificates, and they will be awarded this Thursday, 12-19.
- We are working with the security team at RCI and will be starting C.A.R.E.S classes there on January 14<sup>th</sup> thanks to our wonderful team at shop #149.

- Sixteen former MCE participants released in the month of October. We assisted 13 of them. Another sixteen MCE released in November and we assisted 15 of them. As of this date, twenty people will release in December. We will be assisting fourteen of them. This is mostly because four of those who are leaving, were terminated from our shops. Two were only in a shop for under three months.
- Another nine women graduated from the Pivot program in November. This was the third cohort who completed the classes on Reentry & Coping with the Effects of Trauma. The next class will begin in February. We are joining staff from the Pivot Program to host a Q & A post class panel discussion this Thursday at MCI-W.
- At some of our participant's request, we are presenting a workshop on Women's Health and Nutrition this month. We are collaborating with the Manna Food program who have kindly agreed to provide this information to our women shop participants.
- The pilot program four-week workshop of Applied Theater at MCI-J will be starting on Tuesday, January 7<sup>th</sup>. Thirteen men signed up for the class. As a reminder, this is a workplace communications class using improvisation methods as a medium. The teachers provide this class at both Morgan State and Johns Hopkins.
- MCIW Plant Manager, Marsha Groover, started her class on Personal Accountability on December 10<sup>th</sup>. We will be augmenting the third of her four classes with a segment from the Director of Victim Services from GOCPP discussing victim impact.
- On October 28<sup>th</sup>, I represented MCE as a panel moderator at the Tri-State Reentry Conference. Our panel focused on Reentry & Employment. We subsequently connected with BJ's Custom Design with whom Rob and I met on December 10<sup>th</sup> and who are considering a P.I.E.C.P program with us. They make polo shirts and T-shirts with company logos and other marketing items. Research and Development Manager, Rob Epperson, and I will be touring their plant in January.

**Thomas Myers:** I was wondering, do we have any information on the welding program with HCC in Hagerstown?

**Janet Lane:** Funny you should ask. The school has hired a teacher. They have federal approval. Waiting for Pell grant approval. Hopefully by this spring they will be ready with a welding certificate program. They are ready to go, just need Pell grant approval.

### **Members Reports**

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**Stephen Sanders:** I hope the information we shared with you to be informative and entertaining. We appreciate you being part of our council. Commissioner Morgan, do you have anything?

**Phil Morgan:** Nothing to report at this time. Happy holidays!

**Stephen Sanders:** Have a wonderful holiday and thanks for a great calendar year.

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**Next Management Council Meeting: March 18<sup>th</sup>, 2025 at 10:00am (Virtual)**

*Maryland Correctional Enterprises*

**Location:** Virtual

**Date:** March 18, 2025

**Time:** 10:00am

**MCE Staff:**

Stephen Sanders      Tara Smith      Keia Davis      Mark Rowley      Adam Cummings

Christine Cunningham

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**CEO Update - Stephen Sanders**

- Good morning and welcome to the March 18, 2025 Management Council Meeting. Our first Management council meeting for calendar year 2025.
- Thank you to all once again for your continued dedication as members of the MCE Management Council and your strong support of our program.
- The MCE program participant count at the end for February was 1062.
  - As previously stated, our program participant target for the end of FY25 is 1,165.

- Our lower than usual participation numbers are attributed to slow sales due to shrinking State budgets.
- Our current civilian staff vacancy rate is 19%.
- I am sure that you are all aware that MCE achieved American Correctional Association (ACA) Accreditation in 2009, 2012, 2015, 2018 and 2022. I am happy to report that MCE has once again achieved ACA Re-Accreditation in October of 2024.
- MCE Sales Updates:
  - Sales for February came in at \$3,215,641.
  - Sales for March are \$252,817
  - Total sales thus far for FY25 are \$40,085,643
  - Sales for the end of March 2024 were \$45,085,643.
    - Based on the current sales trends, it is unlikely that we will match this number by the end of March 25.
  - In FY 24, MCE sales finished with \$68.7 million and a profit of \$4.1 million or 6% due to the additional participation afforded to MCE by the State Office Complex projects.
  - Our MFR target for total sales is \$50 million with a 3% profit.
- MCE Fiscal Updates:
  - The FY25 2<sup>nd</sup> Quarter financial statements show revenues of \$34.1 million and a profit of \$1.5 million or 4%.
  - I am happy to report that we are making substantial progress collecting on our Accounts Receivables. MCE reduced its total outstanding receivables balance from \$19.4 million at the beginning of FY25 to \$7.6 million as of March 15, 2025, a decrease of \$11.8 million, or 60%
  - During the upcoming 4<sup>th</sup> quarter, our Fiscal team will conduct its annual inventory of raw materials, work in progress, and finished goods ahead of the financial statement audit.
  - Our budget shows we are projecting a surplus of \$1 million at the end of FY25.
- Coming Events:
  - MCE will be hosting a tour for the DPSCS Communications Team on March 25, 2025. We will be touring our plants within MCIW and JCI.
  - The NCIA (National Correctional Industries Association) National Training Conference, St. Louis Missouri, will be on April 13-17. MCE Marketing and Management council Director Tara Smith and Chief Administrative Officer Mark Rowley will represent MCE at this highly regarded national event.
  - The MCE Annual MFR (Managing for Results Seminar) will take place on June 5, 2025.
  - The Executive Director for the Maryland Agricultural Education Foundation has requested a tour for her staff and board members on June 19, 2025 of the MCE Tag Plant located within JCI. The intent is to combine their annual meeting with the tour of the MCE Tag Plant. We are still working on the logistics for this tour and so it is pending.
- Changes in Leadership:

- MCE CARES (Continuing Allocation of Reentry Services) Manager Janet Lane has retired after years of dedicated service. Her positive impact on Reentry Services will continue for many years to come. I would like to read to you an article written by Janet and featured in both the NCIA quarterly report and the MCE FY 24 Annual Report that sums up our commitment to Reentry Services here at MCE and in the State of Maryland:

*“At Maryland Correctional Enterprises, we feel that knowledge truly empowers you. Our shops are the foundation of our reentry program providing important hard and soft skills that improve our program participant’s quality of life and chances for success. We augment this daily work with an ever-expanding variety of classes that can address multiple areas of interest and need.*

*In addition to our core classes of Employment Readiness and Healthy Relationships, we also offer Reentry Preparations and Life Skills. We partner with the organization Prepare to offer assistance in developing a personal achievement packet for use at parole hearings as well as for future career plans. We offer workshops in Financial Literacy and Mentoring and Leadership. Woman can now receive Reentry and Copying with the Effects of Trauma classes in collaboration with the Pivot Program. Future pilot programs include: Child Reading, Applied Theatre and Communications, and MCE Orientation (designed by program participants).*

*Currently, MCE is actively working toward introducing additional certification programs. MCE is committed to providing participants within our programs opportunities to obtain the necessary tools for success upon release. The more workshops and certification programs we can provide, the more returning citizens will successfully reintegrate, becoming productive members of society, setting an example for others, and showing rehabilitation of incarcerated individuals when provided with structure and opportunities.” - Janet Lane*

- This article and other major accomplishments by Janet and the Cares program are her legacy.
- I am very happy to inform you that we have a new MCE CARES Reentry Manager and her name is Ms. Marsha Groover Graham. Marsha has been with DPSCS for a total of 14 years, 10 of which have been with MCE. Most recently, Marsha was the Manager of MCE's Mailing and Distribution business unit. In early 2024, Marsha began instructing some of MCE's CARES classes at MCIW. She expressed an interest in taking a more active role in Reentry and assisting returning citizens. When Janet announced her retirement, MCE brought Marsha to the Reentry team.
- Marsha had the opportunity to train one on one with Janet prior to her retirement. By combining her experience working within corrections and MCE as well as the training she received from Janet; MCE and our participants are lucky to have Marsha to continue MCE's mission - providing exceptional support to our returning citizens.
- Unfortunately, Ms. Graham is unable to join us today.
  - Assisting Marsha is Keia Davis, MCE's new reentry administrative support specialist. With over 26 years of experience in the state of Maryland, including as a correctional officer, Keia brings a passion for guiding individuals towards achieving their

goals. Ms. Davis will provide us with the CARES Report as part of today's agenda. Welcome Ms. Davis.

**Emily Hollis:** Can you speak more to the collections efforts. What was the process?

**Stephen Sanders:** Followed the process by the OLA. Mutually agreed upon process. Elevating delinquencies through the proper channels. Non-state agencies were sent to CCU if they were over 90 days due. We sent the 10 largest delinquent State accounts that were overdue 90 days to Secretary Scruggs.

### **2025 Concerns Survey – Tara Smith**

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- We have conducted the 2025 Participant Survey with MCE Program Participants.
  - We surveyed 132 participants in 24 shops, a little over 10% of our current Program Participant population.
- 80% of the responses were favorable towards MCE's program
- Our top three positive responses were as follows:
  - Question 1: Second most favorable response with 92% agreeing that MCE prioritizes health and safety
  - Question 2: Most favorable response with 95% agreeing that they have received adequate training on safety practices
  - Question 4: Third most favorable response with 93% of participants being satisfied with the level of training they have received.
- Our top three negative responses were as follows:
  - Question 5: Third most unfavorable response with 8% disagreeing with learned skills aligning with professional goals. 17% of the responses were neutral
  - Question 7: The least unfavorable response with 17% disagreeing with the stipend received for participation. 23% of the responses were neutral
  - Question 8: Second least unfavorable response with 11% of participants being unsatisfied with promotional and growth opportunities and 28% being neutral.
- As you all know MCE continues its efforts to expand and add new training opportunities.

### **Reentry Update – Keia Davis**

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- The Industrial Bank Workshop at RCI was a resounding success. We have also completed the MCE CARES Program at RCI, which included essential classes such as Employment Readiness, Reentry Prep and Prepare Class.
- We distributed a total of 280 certificates at JCI across all there plants, recognizing achievements in Healthy relationships, Reentry Prep and Financial Freedom.
- We successfully completed The Applied Theater Classes at MCIJ, and the participants are eager to return for part II and ending a Final performance.
- Marsha has effectively completed two rounds of the personal Accountability program at MCIW
  - We also completed The Women's Health Class

- On March 10, 2025, we made a visit to MCTC to introduce ourselves to both the staff and the program participants. Most Participants are not within 2 years of their release but are actively awaiting parole hearings. We will be delivering the Prepare Class at MCTC ,which will help our program participants get their parole packet ready for their parole hearing
- Marsha has coordinated with the Prepare and reentry Specialists to conduct the prepare Class via Google Meets on Friday March 28, 2025, she also have launched the first Conflict Resolution in the Workplace class engaging 150 program participants.
- In February, we successfully provided reentry resources to 15 participants upon their releases; we are currently finalizing reentry resources for our March program participants.
- We have 19 individuals for release and we are assisting 13 of them with the reentry resources.
- The remaining 6 either did not fulfill the work requirements of at least 4 months, were terminated from MCE, or were on the waiting list but did not get hired.
- Finally we have the Industrial Bank Workshop that is set for April 24, 2025 at Patuxent with four Additional Plants that will be scheduled for the workshops. In May, I will distribute a survey to evaluate how many program participants opened a bank account or CD and to determine the overall effectiveness of the Class.
- This will complete my updates. Thank you and hope everyone has a blessed day.

### **Members Reports**

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**Stephen Sanders:** I hope the information we shared with you to be informative and entertaining. We appreciate you being part of our council. Commissioner Morgan, do you have anything?

**Emily Hollis:** Mr. Sanders, in your report you mentioned that MCE reduced its total outstanding receivables balance from \$19.4 million at the beginning of FY25 to \$7.6 million as of March 15, 2025, a decrease of \$11.8 million, or 60%. This is very good news. How was this accomplished?

**Stephen Sanders:** MCE followed the directions provided by the OLA. Non State Agencies, i.e. non-profits, with past due invoices over 80 days were referred to CCU. State Agencies with past due invoices over 90 days: we compiled a list of the top ten State Agencies with past due invoices over 90 days and sent the list to DPSCS Secretary Scruggs. Secretary Scruggs sent letters containing this information to the appropriate agency Secretaries. We are very appreciative of Secretary Scruggs for her assistance and support.

**Melvin Forbes:** Any concerns in the legislative realm.

**Stephen Sanders:** I am happy to report, there are none. No bills have been written this legislative session that are of a concern to MCE.

**Bethany Young:** There are currently grant opportunities that support Reentry efforts available (link provided: <https://gocpp.maryland.gov/wp-content/uploads/SFY26-PIGF-NOFA.pdf>)

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**Next Management Council Meeting: June 17<sup>th</sup>, 2025 at 10:00am (Virtual)**

*Maryland Correctional Enterprises*

**Location:** Virtual

**Date:** June 17, 2025

**Time:** 10:00am

**MCE Staff:**

Stephen Sanders      Tara Smith      Keia Davis      Mark Rowley      Todd Deak

**Council Members:**

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
DIRECTOR OF THE COUNCIL	Tara Smith	Y
COMMISSIONER (DPSCS)	Phil Morgan	N
COMPTROLLER'S OFFICE	Emily Hollis	Y
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	Y
MEMBER OF THE SENATE	Senator Alonzo Washington	N
UNIVERSITY OF MARYLAND SYSTEM	Thomas Hickey	Y
DEPARTMENT OF EDUCATION	Krishnanda Tallur	N
DEPARTMENT OF LABOR	<b>Vacant</b>	<b>N/A</b>
GOVERNOR'S OFFICE OF CRIME PREVENTION	Bethany Young (including Brandi Cahn)	Y
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	Y
ORGANIZED LABOR (PRIVATE SECTOR)	<b>Vacant</b>	<b>N/A</b>
MARYLAND JUDICIARY	Judge Lisa Broten	N
BUSINESS COMMUNITY	Jack Weber	Y
BUSINESS COMMUNITY ( <b>CHAIR</b> )	Melvin Forbes	Y
NON-PROFIT REPRESENTATIVE	Janay Harris (Vehicles for a Change)	Y

**CEO Update - Stephen Sanders**

- Good morning and welcome to the June 17, 2025 Management Council Meeting.
- Thank you to all once again for your continued dedication and engagement as members of the MCE Management Council and of course, your strong support of our program.
- The MCE program participant count at the end for June 2025 is currently at 1075
  - As previously stated, our program participant target for the end of FY25 is 1,165. However, we will not make or exceed this target this FY year. There is just not enough work in the shops to justify additional hiring or to keep the program participants busy.

- This is a direct result of the reductions in the State budget plan to address the \$3.3 Billion dollar deficit for the State of Maryland.
- MCE, as a self-supporting State Agency, we rely on the support of our small but dedicated customer base of State and local government, State Universities and Colleges and nonprofits. We cannot sell to the public. Our incoming sales are used to support the program and pay the salaries for our State employees as well as the stipends for our program participants. We have never seen a reduction in incoming sales like this, all at once across all of our divisions.
- To illustrate the impact on MCE, please allow me to share the following data:
  - June 2024. Incoming sales (future orders) for MCE total was \$53,198,997.62.
  - As of June 13, 2023, MCE sales for FY 2025 are \$53,323,545.
  - June 2025. Incoming sales for MCE total as of June 10, 2025 is \$29,208,078.96.
  - A reduction of \$23,208,078.96 from the previous year at the same time.
  - Normally, incoming sales are an indicator of what we can expect to see in total sales at the end of the FY.
  - In light of this data, MCE will take steps to minimize the impact through a reduction in force for both civilian and incarcerated individuals. We will do this through attrition. In addition, we will combine business units where we can to minimize cost and maximize production capabilities. Curtail overtime and investigate new business opportunities to expand our offerings.
- Our current civilian staff vacancy rate is 16%. This is the lowest vacancy rate for MCE in recent history.
- Coming Events:
  - The Executive Director for the Maryland Agricultural Education Foundation has requested a tour for her staff and board members on June 19, 2025 of the MCE Tag Plant located within JCI. The intent is to combine their annual meeting with the tour of the MCE Tag Plant. We are still working on the logistics for this tour and so it is pending.
  - The MCE Annual Business Luncheon, date and time to be determined.

**Jack Weber:** I understand you cannot sell to the public but I thought we were able to sell to nonprofits.

**Stephen Sanders:** That is correct, we are able to sell to nonprofits.

**Jack Weber:** In the past we talked about a reduction in force, as a businessman I would look for sales in other markets such as counties. That's how I normally approach problems like this. It's an opportunity to look at other opportunities for sales.

**Stephen Sanders:** Thank you Jack, I think that's a great idea, looking at other counties, who we can sell to. We do some business with them, but not as much as we would like. So we can turn this into an opportunity to look at the counties and see if there's anything that we can offer them.

**Melvin Forbes:** Are there any particular organizations, county organizations that you would be willing to come and present? Are you familiar with the DI County Round Table of Prince George's County?

**Stephen Sanders:** I am not but that doesn't mean that my team is not.

Melvin Forbes: There's a former State Delegate and former Chairman of the Black Caucus, his name is Darryl Barnes, and he actually started it four or five years ago. It's a very impressive group. I think they meet once a month. I'll check the calendar. I think it would be a great opportunity to come in as Jack said and talk a little bit about what you can provide for the county because we now have a new County Executive for the next year and a half that replaced Ms. Alsobrooks who is now a US Senator and they were talking about, like everyone, looking at various opportunities, and I think this may be one of those opportunities if you are interested.

**Stephen Sanders:** Absolutely

**Melvin Forbes:** Ok, I'll get the information for you and you can have a conversation prior to the meeting, to understand the kind of things they do. But they really do have quite an impressive group of both Governmental and non-governmental people that come to the meetings. The DI County Round Table covers Montgomery County, Prince Georges County, and I want to say a little bit of Howard but I'm not quite sure. But I know it covers Montgomery and Prince Georges.

### **Financial Update – Mark Rowley**

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- YTD sales \$53.3 million vs \$68.1 million, a decrease of \$14.8 million (22%). However, our normal annual sales are around \$52 million so we are back on par.
- Our A/R balance is \$6 million, down from \$7.6 million in March, so we continue to make progress in that area. Of the \$6 million, \$2.3 million is over 90 days. (10 customers owe \$1.9 million.) We have sent past due notices to those customers and we are in contact with these agencies. A report on our A/R is due to the legislature by October 1, 2025.
- We have approximately \$15 million in raw materials, work in process, and finished goods. We will verify this amount over the next two weeks.
- Our cash balance is strong, however, our incoming orders are half of what is normal. As a result, we may see a declining balance in FY26. We plan to limit hiring and cut expenses.
- The audit firm of SB & Company will conduct our annual fiscal audit starting this week. The audit report is due October 2, 2025.

**Jack Weber:** In regards to our experience before and after the audit, one of the things that has happened is that they have taken returned earnings and put it in the general budget. Is there any

way to protect against that or use it in a creative accounting fashion? Through depreciation or future opportunity costs?

**Mark Rowley:** They have not taken any cash from us, I believe since 2017, and I've been actively fighting against that. We watched the bills that were coming through and nothing came through requiring us to transfer any cash to the general fund this time, even though DBAM told me they are going to be asking for money but when the session closed, fortunately, nothing was taken from us. Actually, we were almost out of cash last year. I wanted to ask for the \$17million dollars back that MCE has transferred to the General Fund in years past.

**Melvin Forbes:** Mark, on another note, did we ever get that issue adjudicated with, I think it had to do with, how we were being paid by our customers and how it has been counted? I was trying to remember that. The issue was they were either counting it against the way that you were counting because it was past due and yet we weren't getting it from our customers fast enough. Did we ever get that resolved?

**Mark Rowley:** Nothing was changed other than our approach to how we go after them. Like I mentioned, we are down from over \$20million that was due to us at the beginning of this fiscal year. We're down to \$6million, from a tremendous effort from Mr. Sanders and his Executive team and some of the members of my own team have been working with some of the top fiscal staff from various State agencies, even the Secretary herself, got involved and worked with other Secretaries to get us paid. So we make it a weekly, if not bi-weekly meeting to review and to determine where we are with that. So that's something internally that we are doing. I think you talked about maybe asking them to prepay on some of these capital projects, as you and I would if we have a roofer, the roofer is going to want a deposit. So nothing was put forth yet, and that's something that we're going to discuss because the Secretary is asking us to consider legislation that we might want to put forth. But so far nothing.

**Melvin Forbes:** I know it was a very vigorous discussion because it didn't quite seem fair.

**Mark Rowley:** Well, it was an unusual situation where it was a perfect storm where we had all of this business at one time. It was draining our cash and many of the State agencies were behind on paying us because we deliver in phases. So you didn't pay for phase one but I'm still buying money for phase three and that just doesn't seem quite fair that I'm investing all this working capital in the projects for which you're not paying anything. That doesn't work like that in the real world. We haven't been in that situation before and it doesn't look like we're going to be there at least not for a while. We have very little business right now. So we're on the opposite side right now. Now we need to look for business.

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**Sales Update – Todd Deak**

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- Good morning. Incoming orders are down from this same time last year.
- We mentioned nonprofits and counties in our recent MRF meeting a couple of weeks ago and I had a follow-up meeting yesterday morning with our Sales Manager to see the progress with our Account Reps. Each Account Reps are assigned different counties as well as different nonprofits, so they are reaching out to them making cold calls to see if we can drum up some business in those areas of our market. Hopefully we will see some progress there.
- Outside of sales, capital projects, we have a couple projects coming up for delivery that have already been manufactured or in the process of being manufactured.
- Harford Community College - Chesapeake Welcome Center
- UMBC – Sherman Hall, West Wing
- PG Community College – Marlborough Hall
- And we have two jobs – UMCES and UMES that were scheduled earlier to be installed and have now been pushed back to August and December.

**Marketing Update – Tara Smith**

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- We will not provide a print version of the catalog this year. The catalog can be downloaded from the MCE website beginning 7.1.25.
- This year we will also be adding a new Quick Ship catalog as well as a Mini Chair catalog. Both will be available on the MCE website for download 7.1.25.
- We added nine (9) seating options which include conference, task, and side chairs as well as new office supplies such as calendars and a yearly planner.
- We have removed approximately ten (10) products due to low sales and discontinuation from vendors.
- We have increased pricing for approximately 120 products due to pricing increases from vendors or increases for component parts.

**Jack Weber:** In regards to the printed catalog, that touches near and dear to my heart. One of the things I have done in the past is not put pricing in the catalog and say priced on a, call for quote. That way, they have a physical piece in their hand and they know what you make. The other thing is, do we have a web commerce website set-up where people can buy online?

**Tara Smith:** We have a website; however, you cannot complete your purchase online. Customers do have an option to add their items to a cart and submit it. Once that is done, our customer service team pulls those orders and they enter the actual order into our ERP system. A new website is something else that we are pushing toward. We have met with a few vendors as well as DGS to give us some direction on other vendors that we can look into to get a website built.

**Jack Weber:** Yeah, I do very well on my website in selling. The other thing is using Google AD Dollars. I have brought millions of dollars of revenue in just by advertising and specific ad work categories. And then G O target those things. It's another way to market in the future, one that I have been doing for some time and we've been successful at that. So I would encourage whatever

web development and AD specialty stuff in addition to AD word campaigns for Google would be helpful for the whole MCE enterprise.

**Mark Rowley:** Just to jump in, Tara, myself and Ricky Budoy, our Director of IT have been meeting, and we know one of the things, if there's anything this agency is behind on and really is needing, is a website. So us not having much business, we actually are going to need some support getting this website.

**Stephen Sanders:** And Jack, we'll probably reach out to you and have a little side forum to pick your brain and ask you for some directions on a couple of things. We have discussed internally, putting out a catalog without pricing. We were on the fence about it, so you're saying that you have done this and it has worked out well for you?

**Jack Weber:** Most importantly, it gives the client a tactile thing to put in their hand and we don't have to drive them to a website and if they have that, they know you make it. And that's all we need to do is let them know and then I'd sell it. Once they know I make it, then I'd sell it, price it and so on. Even on my website where I have prices, when they call up, I reprice it and they say, well, it's different on the website. And I reply, the whole thing is dynamic right now, particularly with tariffs. Even though I have a price on it, I change it and there's not much pushback with it and I explain why because it changes all the time. And it's been accepted like that. So I would encourage cataloging because I think that it's easy for you to distribute the within the government agencies and it's also a good thing for a marketer to drop off. That's a good sales tool, to drop by a salesperson. And I'm a salesperson as well.

### **Reentry Update – Keia Davis**

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- For the months of April, May and June, MCE CARES team was able to provide reentry support to 25 program participants.
- We completed Conflict Resolution in the Workplace for our warehouse program participants
- We completed Industrial Bank Workshop at our JCI, MCIJ and Patuxent
- We are one week away from completing Healthy Relationship class at MCIW
- We have visited all facilities in Hagerstown
- CARES Team is currently working with Hagerstown Community College and the Department of Labor on getting a certified welding program at MCIH. I had a meeting last Friday with Ms. Cox on where stand at and what the process looks like.
- We are currently working with our plants at CMCF to have a Prepare Class for our program participants. Prepare is an organization that offers full support in helping our program participants prepare their parole packets.

### **Members Reports**

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**Stephen Sanders:** MCE prefers to fly under the radar. We are not interested in taking bows. As Members of the MCE Management Council, you should be aware of current events.

- To set the stage, when we put out our license plate sheeting bid last, JR Wald was awarded the bid. JR Wald is an American Company. Their parent company is located in Ireland who owns a company in Japan who has a factory in China, who produces our license plate sheeting.
- When the tariffs on Chinese goods rose to 20%, MCE had a meeting with JR Wald. At that meeting, MCE was informed by JR Wald what the impact of the tariffs would mean to MCE and the price of sheeting. MCE told JR Wald that we did not want to purchase our sheeting from China (Nippon Carbide) because we did not know how high the tariffs were going to go and what the supply chain delays would be. MCE told JR Wald that we wanted to purchase our license plate sheeting from Avery Denison, an American company, who we had purchased from in the past and we would not accept the price increase of 20% from JR Wald for the Chinese company. As we are all aware, the tariffs on Chinese goods went up to 145% and are now at 30%.
- We are happy to report that MCE will be receiving our license plate sheeting from Avery Denison, an American Company. We are no longer subject to the fluctuations of the tariff war with China for this raw material.
- We have informed the MVA and they have approved the change.
- As a result, the MVA/MDOT and the State of Maryland will not be subject to an increase in price for license plates generated by tariffs or the unknown changes in the tariff wars.

**Melvin Forbes:** Let me start off by saying, Stephen, once again, I'm totally impressed with how your organization, as a whole, steps up to challenges. And there has been no one since, I'm proud that I am the longest serving member on the council, that has ever been challenged like you since you've been in office. You stepped into COVID, you had to deal with that, and now you're stepping into an economical situation that you have no control over. And you continue to find incredible ways to do a professional and proficient job. My hats off to the organization, but your leadership and your proactive actions in getting things done is astonishing. And I think that if you haven't done it, I would like to let the Secretary and even the Governor know the kind of work that goes on and the kind of innovative and creative thinking that you've done, because I think it should be noted.

**Stephen Sanders:** Thank you Melvin. I appreciate that. I really do. I can't take all the credit. I have the support of the Management Council, the Chairman of the Management Council and I have a great team. And without the team, we certainly wouldn't be successful. But I do appreciate that. We try very hard. This was a big accomplishment for the organization. We did not want to be an up and down partner to the MVA. We wanted to be consistent and we wanted to do the best we could for the State of Maryland. So that's what we did. I never put a calculator to it. Some of my team have. I would imagine that we would have been talking about millions of dollars a year.

**Melvin Forbes:** But it impacts the whole State of Maryland. And you're right, you do have a team. Team T E A M is TOGETHER EFFORT ADEQUATELY MANAGED.

**Stephen Sanders:** That's awesome. I have to write that down.

**Melvin Forbes:** That's what a team is, but it always has to have a leader and you're the leader of that team, so Thank You.

**Stephen Sanders:** Thank you sir, I appreciate it. You've made my day.

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**Next Management Council Meeting: September 16, 2025 at 10:00am (Virtual)**