

Posted 9/8/10

RHODE ISLAND RESOURCE RECOVERY CORPORATION
BUSINESS MEETING
Tuesday, August 10, 2010
10:00 A.M.
65 Shun Pike
Johnston, Rhode Island 02919

In Attendance

Douglas Jeffrey, Chair
Geri-Ann DiPaolo, Vice-Chair
Carole Bell
Bradford Gorham, Treasurer (from 10:15 A.M.)
Charles Lombardi (from 10:45 A.M.)
Michael Quinn
Jared Rhodes, II
Michael Sabitoni

Staff Present

Michael OConnell, Executive Director
Brian Card, Director of Operations and Engineering
Sarah Kite, Director of Recycling Services
J. Timothy McCormick, CFO
Gary Maddocks, Jr., Chief of Security and Facilities Manager
Christine Jocelyn, Human Resources Director
Patricia Cerbo, Purchasing Director
Robert Lough, Security Officer and Safety Coordinator
Peter Connell, Engineering Technician
Joe Rotella, Special Waste Manager
Brian Dubis, MRF Operations Supervisor

Others Present

Stephen Galowitz, Ridgewood
Randy Holmes, Ridgewood
David Ursillo, Rodio & Ursillo
Joseph Rodio, Jr., Rodio & Ursillo
Linda George, Senate Fiscal Office
Joe Solomon, House Policy Office

Call to Order

Chairman Jeffrey called the meeting to order at 10:10 A.M. Pledge of Allegiance followed.

Agenda Items

1. Approval of Minutes from July 1, 2010 meeting

Commissioner Sabitoni made a motion to approve the minutes. Seconded by Commissioner Quinn. Passed 5-0.

2. Executive Director Report

Michael OConnell, Executive Director, gave highlights of FY10 financials, including volumes. The Corporation has been building strong relationships with two very key commercial customers, Patriot and Waste Haulers. We also had benefit of about 35,000 tons of incremental volume in the form of flood debris. We expect next year (FY11) volumes to be at about 710,000 tons. Subject to the audit review, we have about \$4 million increase in operating income. The budget for 2011 is very solid, and we have a high confidence level in delivering the budget. It is a balancing act—we want volume to be where we want it, but we don't want too much. We need enough to pay our bills.

Regarding the \$2.1 million invoice from Cranston, we're trying to get a meeting set up next week to better understand the rationale behind the invoice.

In late July we issued two bid proposals for the MRF. One requests pricing to retrofit the MRF for single stream operations. The second requests a third party to come in and not only retrofit but also operate the MRF. Responses are due back in October. We expect to have a recommendation before the board in late fall. There is a good financial opportunity and a good volume opportunity to be able to put more recycling through the MRF in a single stream operation. We have a profit sharing program with the cities and town to share 50-50 with them if we make a profit at the MRF. We will have a distribution of checks on September 1 at 10 A.M. and will distribute approximately \$800,000.

We are hosting a group tour from SWANA—Solid Waste Association of North America—next week. This is a professional organization, and Brian Card, who came out of private sector, has been able to get RIRRC on the radar and noticed.

The permit schedule for Phase VI is to have a workshop on August 24 followed by a public hearing on October 13. Both are at 6:00 P.M., both conducted by DEM, and both are open to the public. Public comments are accepted up to 30 days after that October meeting. Ninety days after that DEM will make its decision on the issuance of the permit.

We are also spending a lot of time this summer on construction using our internal people so that we don't pay for outside services. There was some contamination in the industrial park. We consolidating that and putting in a mini-landfill there and capping it. We also have some wetland sedimentation removal on Shun Pike

from the runoff from the roads. We've also agreed to do some work wetland remediation work for Ridgewood on the lot that we have leased to them.

3. CFO Report on Insurance

Tim McCormick presented an overview of purchased insurance coverages for liability and workers' compensation as well as Directors and Officers liability coverage. We engaged a professional risk management consultant, Albert Risk Management Corporation, to review and analyze our coverages, deductibles, costs, etc, and to draft the technical specifications for our insurance RFP. Albert put together a package reflecting the loss runs, the corrective action that had been taken, and coordinated the procurement process. We sent out requests for proposal to eleven entities. We posted the process on the state's Division of Purchases website. We advertised in the Providence Journal. It had full exposure. We wanted to have as open and competitive a process as we possibly could. Nine of the eleven replied with interest.

Albert assisted us in evaluating the nine and we reduced that to five to receive the RFP and participate in the process. The five were AON, Starkweather and Shepley, Willis of Massachusetts, and our two current holders, Babcock & Helliwell and Troy, Pires & Allen. Albert put together an extensive bid specifications document. Of the five chosen to participate, three responded: Troy, Pires, & Allen; Willis, and Babcock & Helliwell. Babcock & Helliwell offered to bid only on the workers' comp coverage. After a careful evaluation, Troy, Pires & Allen was awarded all of the coverages with the exception of workers' compensation which went to Babcock & Helliwell. The corporation realized a savings of about \$38,000 between what was bid and the prior year premiums, and we were able to increase our coverages and reduce some deductibles.

Due to potential suits under the D&O and the fiduciary crime policies, we didn't want to change those in any way. Those policies ran through February. Rather than award a new policy that could potentially impact the claims, we excluded those from what was awarded to Troy, Pires & Allen. We issued another RFP solely for the D&O and fiduciary crime policy. We received two proposals, both of which excluded any acts attributable to the potential claim against those policies. Based on that, we cancelled the RFP. Concurrently Troy, Pires & Allen confirmed to us that the two carriers, RSUI and Travelers, were willing to extend coverage on the two previous policies through November 1, 2010.

In the interim, the state settled with RSUI and the D&O policy for the policy limit of \$5 million. Once RSUI paid the \$5 million, it left the corporation with zero coverage. We thought it prudent under an emergency procurement to look into obtaining pricing through Troy, Pires, & Allen. We were able to secure coverage with Westchester Fire Insurance retroactive to May 27, 2010 through June 29, 2011.

Chairman Jeffrey recommended engaging Albert for a review of the renewals in the month of August before the insurance policies are renewed. Commissioner Sabitoni made a motion to accept the chairman's recommendation. Seconded by Commissioner DiPaolo. Passed 6-0.

4. New Contracts

- a. Dust Abatement \$72.0K

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to enter into a contractual agreement for with Air One, Incorporated, to install a complete dust abatement system at the corporation's Materials Recycling Facility, for a contract amount not to exceed \$72,000. Commissioner Gorham moved for resolution. Chairman Jeffrey seconded. Resolution passed 6-0.

- b. Curbside Recycling Bins (reimbursable) \$303.9K

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director of enter into a contractual agreement for the supply and delivery of 30,000 green curbside bins and 30,000 blue curbside bins for an amount not to exceed \$303,900 between the Rhode Island Resource Recovery Corporation and signature Marketing, LLC of Sims bury, CT. Motion made by Commissioner Quinn. Seconded by Commissioner Gorham. Passed 6-0.

- c. Machine Fluids \$60.0K

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to enter into a contractual agreement for the purchase and delivery of machine fluids and lubricants (IFB #908) between Rhode Island Resource Recovery Corporation and Dennision Lubricants, Inc. of Lakeville, MA for an amount not to exceed \$20,000. The contract will commence on or about August 15, 2010, and continue until February 28, 2011 with the Corporation's option to renew, under the same terms and conditions, for five additional six month periods. Motion made by Commissioner Bell. Seconded by Commissioner Sabitoni. Passed 6-0.

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director of enter into a contractual agreement for the purchase and delivery of machine fluids and lubricants (IFB#908) between Rhode Island Resource Recovery Corporation and Industrial Oil & Supply Company, Inc. of Woonsocket, RI for an amount not to exceed \$40,000. The contract will commence on or about August 15, 2010 and continue until February 28, 2011 with the Corporation's option to renew, under the same terms and conditions, for five additional six month periods. Motion made by Commissioner Bell. Seconded by Commissioner Quinn. Passed 6-0.

- d. Temporary Labor Services \$238.7K

Commissioner Sabitoni requested information regarding safety training and preparation provided to the temporary laborers, a breakdown of their bid

price, including what is paid to the individual, and the status of the individuals, whether independent contractor or employee of the temporary agency. Current contract expires September 30. Motion to table the discussion pending receipt of requested items made by Commissioner DiPaolo. Seconded by Commissioner Sabitoni. Passed 6-0.

5. Contract Increases

a. Legal Expenses \$300.0K

Motion to appropriate \$75,000 on an interim basis to clear up any outstanding bills, but going forward have contract review subcommittee of Commissioners Quinn and Gorham to review this and report back to the board at the next meeting. Motion made by Commissioner Sabitoni. Seconded by Commissioner DiPaolo. Passed 7-0.

b. Financial Auditor Fees \$33.9K

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to increase the contractual amount of RFP/RFP #874 with Collins, Charon & Rosen, LLP for accounting and auditing services by \$33,763 for a total not to exceed the amended contract price of \$225,263. Motion made by Commissioner Sabitoni. Seconded by Commissioner Bell. Passed 7-0.

6. Other Business

a. Labor Contract Approval for Local 57

Negotiations have continued but not yet ready for a vote by members.

b. Acceptance of Soils from DOT

Resolution: Be it resolved that the Board of Commissioners authorizes the executive Director to sign the letter (of understanding from DOT regarding obtaining soils from their 195 relocation project to be used at the Macera Cap project.) Motion by Commissioner DiPaolo. Seconded by Commissioner Gorham. Passed 7-0.

c. Transfer one additional used vehicle to Town of Johnston

Motion by Commissioner Lombardi. Seconded by Commissioner DiPaolo. Passed 7-0.

d. Ridgewood Contract, 2nd Amendment/Sewer Agreement

Regarding Ridgewood contract, Board of Commissioners to be updated monthly basis regarding the draws on the Ridgewood loan and be advised when that loan is paid. Executive Director to provide an executive summary. Motion by Commissioner Quinn. Seconded by Commissioner Lombardi. Commissioner Sabitoni recused himself. Commissioner DiPaolo opposed. Passed 5-1.

Regarding Sewer Agreement, Ridgewood will tie into Resource Recovery proposed NBC connection and will deposit not more than 125,000 gallons per day.

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to execute the proposed sewer agreement and second amendment to the amended and restated site lease and landfill gas delivery agreement, and the schedule of definitions, each of which is dated November 17, 2008, with the provision that the language changes proposed in my memo of 8/7 to Steven Galowitz are satisfactorily agreed to by both parties and copy of those final agreements sent to all board members. Motion by Commissioner Quinn. Seconded by Commissioner Lombardi. Commissioner Sabitoni recused himself. Passed 6-0.

e. Governor approvals prior to constitution of Board. The reviews by the governor were done in accordance with the Executive Order of 0803 of July 2, 2008, and extended as necessary. All actions taken by the Governor when in accordance with the existing law are not the responsibility of the new commissioned board, which took office with the initial board meeting on July 1, 2010.

f. Lease Agreements CN Wood and RV Center

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to enter into a contractual agreement with both CF Wood and RV Center for lease of building and property at 60 and 48 Shun Pike respectively. The terms of the lease is [sic] three years, with an annual lease fee to be \$27,600 year one; \$28,800 in year two; \$30,000 in year three. Motion made by Commissioner Quinn. Seconded by Commissioner Gorham. Passed 7-0.

Adjournment to Executive Session

Commissioner Jeffrey read into the record Rhode Island Law Section 42-46-5, purposes for which meetings may be closed, use of electronic communications, judicial proceedings, and disruptive conduct. Sessions pertaining to collective bargaining or litigation or work sessions pertaining to collective bargaining or litigation. So this meeting is now in Executive Session.

Chair Jeffrey directed that the record of Executive Session proceedings be sealed.

Motion made by Commissioner Gorham to adjourn Executive Session. Motion seconded by Commissioner Sabitoni. Passed 7-0. Commissioner Jeffrey stated for the record that public session had been reconvened.

Commissioner Gorham made a motion to disclose the lawsuits against Van Liew, Restivo, and Lefkowitz that were authorized the previous Executive Session. That Executive Session has been amended to disclose the filing of these lawsuits and to note that there were recusals by Commissioners Gorham for Van Liew and DiPaolo for Restivo on those lawsuits. Included in this same motion is that other matters that were in Executive Session of this Executive Session and the previous

Executive Session remain sealed. Motion seconded Commissioner DiPaolo. Passed 7-0.

Next meeting scheduled for September 8, 2010 at 10 A.M. at Rhode Island Resource Recovery Corporation. As there was no roll call at the beginning of the meeting, Attorney Ursillo asked that the record reflect the fact that six of the eight Commissioners, excluding Commissioners Lombardi and Gorham, were at the meeting at the beginning, and Commissioners Lombardi and Gorham subsequently came in. There was a full board at all times. The two Commissioners entered the room at approximately 10:30.

Motion to adjourn made by Commissioner Sabitoni and seconded by Commissioner DiPaolo. Passed 7-0.

Adjourned at 12:37 P.M.

Correction to Minutes from the July 1, 2010
Board of Commissioners Meeting
Regarding the KL Gates Contract

Current Minutes Read

Be it resolved that the Board of Commissioners authorize the Executive Director to execute and extend the existing agreement with K & L Gates and Rhode Island Resource Recovery to encompass the prosecution of claims against any and all third parties under the same terms and conditions as was previously executed on February 1, 2010.

Corrected Minutes to Read

Be it resolved that the Board of Commissioners authorize the Executive Director to execute and extend the existing agreement with K & L Gates and Rhode Island Resource Recovery to encompass the prosecution of claims against any and all third parties under the same terms and conditions as was previously executed on February 1, 2010 except that no upfront portion of any potential recoveries will be paid until awarded from the third party or their insurance carrier. Should a decision be made to proceed to trial on any of these third party claims, an addendum for those legal fees will be negotiated in good faith by both parties.