

RHODE ISLAND RESOURCE RECOVERY CORPORATION
BUSINESS MEETING

Tuesday, November 2, 2010

9:00 A.M.

65 Shun Pike

Johnston, Rhode Island 02919

In Attendance

Douglas Jeffrey, Chair

Geri-Ann DiPaolo, Vice-Chair

Bradford Gorham, Treasurer

Charles Lombardi

Michael Quinn

Michael Sabitoni (arrived at 9 :10)

Absent

Carole Bell

Jared Rhodes, II

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

Robert Lough, Security Officer and Safety Coordinator

Patricia Cerbo, Purchasing Director

Nancy Minson

Dianne Gessner

Andre Lefebvre

Others Present

Joseph Rodio, Sr., Rodio & Ursillo

David Ursillo, Rodio & Ursillo

Linda George, Senate Fiscal Office

Ron Ronzio, Allied Court Reporters

John Tarantino, Adler Pollock & Sheehan

Anthony Gomez, GZA GeoEnvironmental

Call to Order

Chairman Jeffrey called the meeting to order at 9:05 A.M. Pledge of Allegiance followed by Roll Call. Commissioners Jeffrey, DiPaolo, Gorham, Lombardi, and Quinn present, constituting a quorum.

Agenda Items

1. Approval of Minutes from October 5, 2010 meeting

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

2. New Contracts

- a. Retrofit of 2004 Volvo \$42.4K

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to enter into a contractual agreement for the retrofit of a 2004 Volvo Tri-Axle Truck RFQ/RFP #893 between Rhode Island Resource Recovery Corporation and Beam Truck and Body, Inc. of Woonsocket, RI for an amount not to exceed \$42,395. The contract will commence on or about November 3, 2010 and continue until December 24, 2010. Motion by Commissioner Gorham. Commissioner Quinn seconded. Passed 6-0.

- b. Landfill Liner/Installation \$162.4K

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to enter into a contractual agreement for the IFB #882 Landfill Liner Supply and Installation with New England Liner Systems, Inc. of Plantsville, CT for amount not to exceed \$137,362.10 for bid items 1 to 5. This award shall also include a contingency in the amount of \$25,000 to be used only with prior written approval by the Executive Director. The total amount requested for approval is \$162,362.10. Motion by Commissioner Lombardi. Seconded by Commissioner Quinn. Commissioner Sabitoni recused. Passed 5-0.

3. Contract Renewals

None.

4. Contract Increases

None

5. Other Business

- a. Labor Contract Approval for Local 57 if ratified by members.

Resolution: Be it resolved that the Board of Commissioners authorizes the Executive Director to enter into a contractual labor agreement as ratified by the members on October 26, 2010, between Rhode Island Resource Recovery Corporation and International Union of Operating Engineer, Local 57, and to execute such agreement on behalf of the Corporation. The contract will commence on or about July 1, 2010 (per ratification on October 26, 2010) and will continue through June 30, 2013. Motion by Commissioner Lombardi. Seconded by Commissioner Gorham. Commissioner Quinn abstained. Commissioner Sabitoni recused. Passed 5-0. Contract approved. Commissioner Quinn then abstained. Passed 4-0. Commissioner Lombardi withdrew the motion. Commissioner Gorham withdrew the second of the

motion. Commissioner Lombardi made a motion to defer this until the December 7, 2010 meeting. Motion seconded by Commissioner DiPaolo. Passed 5-0 with Commissioner Sabitoni abstaining.

b. Ridgewood Purchase and Sale Option Execution

David Ursillo of Rodio & Ursillo presented an overview of several Ridgewood contracts that Ridgewood needs to secure their financing. There are three agreements with Ridgewood for operations at the landfill, and those three agreements were signed in 2008. They were administrative agreements because they were approved by the Governor's executive order. What is transpiring now is that Ridgewood is finally ready to execute their financing. The financing institutions are looking at the agreements and want a contingent assignment of interest to loan Ridgewood the money. There is a consortium of banks, but the lead bank, the Bank of Nova Scotia, is requesting Ridgewood to make a collateral assignment to them so that they could step in as the leaseholder. It does not directly affect Resource Recovery other than in the event of a default the bank has the right to step in as the secured party and either operate it or find an alternate operator to ensure continuity at the site to protect their interests.

The agreements, a purchase and sale, a site lease, and a gas delivery agreement, were never notarized but were executed under an executive order. Chicago Title is asking that we record a memorandum of the three agreements. There is no additional exposure for Resource Recovery to do that. All three of the agreements allow for Ridgewood to make a collateral assignment in the event of trying to obtain financing for the transaction. Resource Recovery is obligated under the agreement signed in 2008 to do so.

Rodio & Ursillo is attempting to get the documents that Ridgewood is looking for in a final form to present to the Board because Rodio & Ursillo do not believe that the Executive Director has the authority to sign the contracts without board approval.

There is also a utility easement running from the Ridgewood plant to National Grid that is needed from Resource Recovery. This is a temporary easement so that at some future time when gas collection is no longer feasible or profitable, the plant will be decommissioned. At that point Resource Recovery may want that easement to go away.

We have only been involved with these contracts for about a month. The documents could have been provided much earlier for review as the deal has been in the works for months. Ursillo believes that the law firm, Milbank, assumed the documents would be signed without review.

As of right now, the easement is in good shape. The consent for the collateral assignment has two or three items that are more grammatical than major issues but Ursillo is dealing directly with Ridgewood.

Chairman Jeffrey is concerned about legal expenses being incurred as a result of Ridgewood or others associated with the deal not being clear about what is required and running up legal bills for changes.

Ursillo states that there are a lot of documents and a lot of agreements, but basically what is being asked is to consent to the assignment of the three agreements to Ridgewood's financing institution and then to sign a memorandum evidencing that on real estate. It's not really a complicated asset.

Ursillo further states that the bank has said if there is a default by Ridgewood either in payment of money or in an obligation that they have, Resource Recovery gives notice to the Bank of Nova Scotia. Bank of Nova Scotia has the right to make a payment or fulfill the condition so that the default event goes away. In the event that the Bank of Nova Scotia decides that it's not working because Ridgewood, for example, files for bankruptcy, if the bank has to take a security interest, they will bring in another operator. The Bank of Nova Scotia, from the day they take over either a foreclosure of the property until they bring in a new operator, is on the hook for everything that has to be done at Resource Recovery. They will likely have a back up operator ready to jump in.

Ursillo states that they are going to put the documents in a concise package, present them to the board in advance of the board meeting, answer questions, get them executed, and give them to Ridgewood for the closing.

Chairman Jeffrey recommends establishing a subcommittee for this subject and a special working meeting outside of the regular meeting to deal with this topic. He also suggests that we retain the right to retrospectively look at what, if any, additional costs were incurred by Resource Recovery in preparing this deal.

Commissioner Gorham suggests that the entire board should review this, not just a subcommittee. Executive Director OConnell suggests scheduling a meeting for the next week if all of the documents are in order. Chairman Jeffrey recommends that any action be deferred to a workshop.

Adjournment to Executive Session

Commissioner Sabitoni moved to go into Executive Session pursuant to the pending litigation and personnel exceptions of the Open Meetings Act. Seconded by Commissioner Quinn. Passed 6-0.

Out of Executive Session and in Public Session. Motion by Commissioner Gorham to seal the minutes. Seconded by Commissioner Quinn. Passed 6-0.

In addition to the regular December meeting, an interim special meeting will be scheduled to deal with Ridgewood and Local 57 contract issues.

Motion to adjourn made by Commissioner Gorham. Seconded by Commissioner Quinn. Passed 6-0.

Adjourned at 11:39 A.M.