

*Approved and accepted 2/8/11*

RHODE ISLAND RESOURCE RECOVERY CORPORATION  
BUSINESS MEETING

Thursday, November 18, 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  
Jared Rhodes, II  
Michael Sabitoni

Absent

Carole Bell

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  
Bill Anderson

Others Present

David Ursillo, Rodio & Ursillo  
Ron Ronzio, Allied Court Reporters  
Stephen Galowitz, Ridgewood Power

**Call to Order**

Chairman Jeffrey called the meeting to order at 9:10 A.M. Pledge of Allegiance followed by Roll Call. Commissioners Jeffrey, DiPaolo, Gorham, Lombardi, Quinn, Rhodes, and Sabitoni present, constituting a quorum.

Agenda Items

**1. New Contracts**

None.

## 2. Contract Renewals

None.

## 4. Contract Increases

None

## 5. Other Business

### a. Labor Contract Approval for Local 57

**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 Quinn. Seconded by Commissioner Gorham. Commissioner Sabitoni recused. Passed 5-0. .

### b. Ridgewood Contracts (7)

One consent to Encumbrance

Three MOUs referencing the three original agreements from 11/17/08

One temporary easement

One bill of sale

One loan payoff

Executive Director Mike OConnell gave an overview of these contracts. On November 17, 2008, Resource Recovery signed an agreement with Ridgewood to give Ridgewood all of the gas rights to the corporation. Ridgewood also assumed the gas collection responsibilities. This agreement was signed by the Governor.

Prior to the agreement and currently only two-thirds of the gas that is generated from the landfill is collected and turned into electricity. The other third is flared. Ridgewood owns rights to the two thirds. Ridgewood wanted the rights to the other third of the gas. Ridgewood has a plant that is in the path of the landfill expansion. Resource Recovery wanted the building out of the path of the expansion. That was the genesis of these agreements. Resource Recovery agreed that Ridgewood has the rights to all of the gas and they would move the plant for free at their own cost. Resource Recovery also gave them the rights and responsibility to collect the gas. They collect the gas, they burn all the gas. That gives them more capacity and those were the fundamental economics behind the arrangements.

What it does for Resource Recovery is save us \$2 million. The gas collection cost at that time is running about \$5 million and Resource Recovery is getting about \$3 million in royalties. So Resource Recovery is \$2 million in the hole. Resource Recovery viewed this as a \$2 million savings.

With the landfill solid waste loading having decreased about 40%, that number will be smaller. Resource Recovery will still save versus what is currently being done, but it won't be as much every year because the loading at the landfill is less. But the landfill will also last longer. The total is the same. It's just spread over a longer period of time.

In that November 17 contract there were certain provisions made that if there was financing arrangement that Ridgewood pursued, Resource Recovery would agree to assign certain rights to the bank so that the financing would work. Six of the seven contracts for review relate to the November 17, 2008 contract. The seventh is a payoff for the loan that Resource Recovery has given to Ridgewood since late October/early November.

Attorney Ursillo reviewed the documents. There are three principle contracts that were signed in 2008: An amended and restated landfill gas services agreement; an amended and restated site lease and landfill gas delivery agreement; and a purchase and sale agreement.

The first gas delivery agreement made Ridgewood Gas Services (RGS) in charge of the gas collection throughout the landfill. The site lease gave RILG, another Ridgewood entity, the ability to create the plan that would take the gas and create energy through the turbines. The RILG agreement also gave Ridgewood the ability to set up an additional plant on the site to allow them to cleanse the methane gas that comes from the site. The third agreement was the purchase and sale agreement allowing RGS to actually physically purchase the infrastructure for the period of time that the site lease is in place.

Part of the financing by the lead financing institution would want a security position. In the event that Ridgewood or RILG or RGS failed, the bank would be able to step in, become the operator for a very short period of time until they were able to get a new operator. The bank wants to preserve its asset.

Three of the documents are basically short memoranda referring back to the main agreement signed in 2008. Chicago Title wants the memoranda notarized and put into the record. There is no impact on Resource Recovery as nothing in the memoranda expand any obligations that were not already there in 2008. The agreements will be updated and more accurate.

The consent to encumbrance goes to security for the bank. Resource Recovery has to grant permission for assignment between RILG or RGS and Resource Recovery. RILG or RGS can go to a bank and pledge this assignment in order to get money to build their facility. This is a common occurrence in commercial transactions.

All of the covenants and agreements allow the bank to be treated as a new operator in the event of foreclosure. If Resource Recovery gives notice to RILG because they are not doing something correctly, notice must also be served on the bank. Everything in the agreement is to ensure that the bank's interests are preserved.

The bill of sale relates to the purchase and sale agreement for the gas collection system and condensate control treatment and disposal system. These will transfer to Ridgewood. Ridgewood will be the owner of that bill of sale and have title to the infrastructure. RGS will collect the gas, take it to the new plant until such time as Ridgewood decides they will no longer produce electricity at the plant. At some point in time in the future it will not be economically feasible for Ridgewood to take the gas, treat it, and produce electricity. That is an economic decision. They will eventually close the plant, decommission it, and the bill of sale will revert to Resource Recovery.

Once Ridgewood issues a notice to go forward with a construction company, Resource Recovery will turn over the bill of sale.

Under the site lease agreement, Resource Recovery is required to give Ridgewood an easement so that they can get the electricity that is generated from the plant to National Grid. We have given Ridgewood indemnification very similar to the indemnification we gave them in the 2008 agreement. The indemnification states that if there is a problem with the property, Resource Recovery is responsible unless it occurs through Ridgewood's misconduct or negligence.

The bill of sale to be approved today will not be executed by Mike OConnell until Ridgewood's financing is completed and they have broken ground.

The last document is a payoff letter. This says that the \$500,000 that Resource Recovery loaned to Ridgewood to start ground and site work would be paid as soon as Ridgewood closes on their financing or year end 2010 is reached. The agreement is for \$500,000 plus interest of 10%.

In addition to the bill of sale and transferring the actual ownership of the infrastructure, Resource Recovery is also assigning its rights to that gas collection. Whatever permits that Resource Recovery has will transfer to

Ridgewood under an assignment of permits. This is included with the bill of sale.

Essentially, all of these documents follow through on commitments that were made in 2008.

Chairman Jeffrey pointed out that the subcommittee of Commissioners Gorham and DiPaolo had raised some questions and those have been satisfactorily addressed. None of these new documents obligates Resource Recovery any further than whatever obligations already exist.

**Resolution:** Be it resolved that the Board of Commissioners authorizes and empowers the Executive Director on behalf of the Rhode Island Resource Recovery Corporation to execute the following documents pursuant to the Ridgewood project, so called: 1) a consent to encumbrance; 2) a memorandum of purchase and sale agreement; 3) an amended and restated memorandum of amended and restated site lease and landfill gas delivery agreement; 4) a memorandum of amended and restated landfill gas services agreement; 5) a payoff of loans under landfill gas delivery agreement; 6) a grant of temporary easement; and 7) a bill of sale and assignment of permits.

Commissioner Gorham made a motion to accept. Seconded by Commissioner DiPaolo. Commissioner Sabitoni recused. Motion passed 5-0.

c. Board Subcommittees

Commissioner Jeffrey states that he and Executive Director OConnell have met regarding the establishment of four board subcommittees. They would be governance, pension, finance, and environmental. Initial suggestions for members are as follows: Governance, Commissioners Gorham, Quinn, Sabitoni; Pension, Commissioners DiPaolo, Lombardi, and Sabitoni; Finance, Commissioners Lombardi, Rhodes, and a third member; Environmental, Commissioners Gorham, Bell, and DiPaolo. It was left open for each commissioner to contact Chairman Jeffrey regarding service on a particular board. These subcommittees will be adopted at the next meeting. The establishment of the subcommittees will make the board more efficient.

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

Next meeting is December 7, 2010, at 9 A.M.

Adjourned at 9:51 A.M.