

approved 8/26/15

RHODE ISLAND RESOURCE RECOVERY CORPORATION
BUSINESS MEETING
Wednesday, June 24, 2015
9:00 A.M.
65 Shun Pike
Johnston, RI 02919

In Attendance

Michael Sabitoni, Chair and Ad-Hoc on all Subcommittees
Geri-Ann DiPaolo, Governance Subcommittee Member (Departed at 10:03 A.M.)
Lori Ann Pezzullo, Recycling Subcommittee Member
Michael DiBiase, Finance and Governance Subcommittee Member

Absent

Geoffrey Kirkman, Vice Chair and Recycling Subcommittee Chair
Jeanne Boyle, Finance Subcommittee Member
Judith Kawa, Recycling Subcommittee Member
Charles Lombardi, Finance Subcommittee Member
Joseph White, Treasurer and Governance Subcommittee Chair

Staff Present

Mike OConnell, Executive Director and Secretary
Brian Card, Director of Operations and Engineering
Gary Maddocks, Chief of Security and Maintenance
Christine Jocelyn, HR Director
Nancy Minson, HR Coordinator
Dean Huff, Chief Financial Officer
Lori Perron, Director of Purchasing
Dianne Gessner, Sr. Accounting Associate
Joe Brennan, Environmental Scientist
Kristin Littlefield, Municipal Program Coordinator

Others Present

Ron Ronzio, Allied Court Reporters
David Ursillo, Rodio & Ursillo
Joe Rodio, Jr., Rodio & Ursillo
Jerry Petros, Hinckley Allen (Departed at 9:35 A.M.)
Joseph Ferrara, Meketa
Marc Fandetti, Meketa
Doug Wilson, Broadrock
Kelly Carpenter, Senate Fiscal

Call to Order

Chair Sabitoni called the meeting to order at 9:05 A.M. Roll Call taken followed by the pledge of Allegiance.

Agenda Items

1. Executive Session

Roll call taken to move into executive session. Commissioners Sabitoni, DiPaolo, Pezzullo, and DiBiase present. Passed 4-0.

Motion to seal executive session minutes made by Commissioner DiPaolo and seconded by Commissioner DiBiase. Passed 4-0.

Motion to move to regular session made by Commissioner DiPaolo and seconded by Commissioner Pezzullo. Passed 4-0.

Resolution: Be it resolved that the Corporation and through its Executive Director and Chief Financial Officer is authorized to execute the settlement and release agreement with regard to U.S. District Court action entitled Rhode Island Resource Recovery Corporation vs. Liberty Mutual Insurance Company Civil Action number 1-13-CV-11155-EJC as presented to the board this date subject to a refund of \$8,024 of previously paid deductible to XL Insurance. Motion to approve made by Commissioner DiBiase and seconded by Commissioner DiPaolo. Passed 4-0

2. Consent Agenda

Motion to approve regular session meeting minutes from 5/27/15 as amended made by Commissioner DiPaolo and seconded by Commissioner Pezzullo. Passed 3-0. Commissioner DiBiase was not present at the 5/27 meeting so he did not vote.

3. Executive Director's Update

Resource Recovery will be restating our Pension Plan this summer due to some legal issues with it that need to be corrected. There will be no cost to the Corporation and no material changes. We will have a pension board meeting on July 29th to address this. The plan will be restated on August 2nd.

Last month the 20-year plan was approved and now we have about 20 action items to get done. Therefore, we are in the process of realigning some responsibilities within the organization. Our intent is to try to accomplish everything with our existing personnel. The MRF operations responsibility will be moved from Sarah to Brian Card. This will help to free up Sarah's time so she can begin to work on solid waste items. Dean Huff will be the Project Manager, which holds the responsibility of getting together financial exercises that we will have to go through. Mike McGonagle will be responsible for the collection side of things. Chair Sabitoni recommended to OConnell that he put the internal plan in writing so the full board can understand what the Corporations internal game plan is for the next 12 to 18 months.

Strategic Materials, the glass company that is located on our property, is in the process of finalizing their operation and it is almost completed. This is a major accomplishment for Resource Recovery as Strategic Materials is taking all of our glass and processing it, which

will save us up to \$500k a year, by getting the glass out of our facility and not putting it in the Landfill.

Johnston Clean Power, the company who may build a plant on our property, is busy drilling holes and surveying the land. A decision will be made in February or March on whether or not they will be awarded the project to build a 250 megawatt power plant.

Phase VI is under construction and will be ready to receive its first materials late this year or early next year. A year later, Phase V will be closed.

Kristen Littlefield was hired in January as our Municipal Program Coordinator. Kristen previously worked in recycling for Newport before joining us. Joe Brennan was hired in August 2014 to take over Peter Connell's position as Environmental Scientist. Peter was promoted to Treatment Systems Manager for the Leachate Plant. Joe was working for Cornerstone in New York before coming to Resource Recovery.

4. New Contracts

None.

5. Contract Increases or Extensions

None.

6. Other Business

a. FY16 Budget

Resolution: Be it resolved that the Board of Commissioners approves the fiscal year 2016 budget as presented at the June 24, 2015 board meeting, including the fiscal year 2016 price sheet as contained therein. Motion made to approve made by Commissioner DiPaolo and seconded by Commissioner DiBiase. Passed 4-0.

b. Meketa

Every year we are required to add a provision to handle the landfill closure costs after the landfill closes. Once the landfill closes, we must have enough in our trust fund to take care of the landfill for 30 years. Every year we add between \$4M-\$5M to the fund which totals \$84M but it is invested very conservatively.

Mark and Joe of Meketa provided the board with an overview of how to invest our money at the required rate of return, which is driven by what we need to cover closure costs. Meteka recommends an allocation of all the stocks of 25%, half of which they suggest should go into U.S. stocks and 75% to fixed income, which should be diversified among very familiar asset classes. The first fixed income class that was recommended is high yield bonds. We currently do not have any. The second fixed income recommended is that we allocate 5% of the trust assets so that we do not have exposure to merging market bonds.

Meketa also recommended some specific investment options starting with using Van Guard to manage the investment because they are the least expensive.

OConnell and Huff have a recommendation on how the Corporation would handle if things went dramatically wrong in the stock market. That recommendation will be address in three to six months with a complete recommendation on how we would have to invest the money in order to get a 4 to 5 percent return.

A special board meeting will be arraigned to discuss in further detail, the investment strategies with the closure funds.

c. Board Adoption of Executive Director as RIRRC's Rulemaking Coordinator

Resolution: Be it resolved that the Board of Commissioners of Rhode Island Resource Recovery Corporation hereby designate the Corporation's Executive Director as Rules Coordinator under Section 42-35-2.1 of the Administrative Procedures Act. Motion to approve made by Commissioner DiBiase and seconded by Commissioner DiPaolo. Passed 4-0.

d. Board Election of Officers

This item will be moved to the next regular scheduled board meeting on August 26, 2015.

7. Next Regular Meeting Date

Wednesday, August 26, 2015 at 9:00 A.M.

Motion to adjourn made by Commissioner DiBiase and seconded by Commissioner Pezzullo. Passed 3-0.

Adjourned at 10:25 A.M.