

CFDF Corporation

Minutes of Meeting

Tuesday, July 31, 2007

I. Call to Order: Meeting was called to order at 6:10 pm.

II. Roll Call: All Board members were present. Also present were Chris Orton, Tony Ventetuolo and Wayne Salisbury.

III. Secretary's Report: On a motion by Maurice Brousseau seconded by Augie O'Connor the Board voted 5-0 to accept the minutes of the July 10, 2007 Board meeting.

IV. Treasurer's Report: On a motion by Maurice Brousseau seconded by Casey Andrade the Board voted 5-0 to accept the financial report and balance sheet for the period ending June 30, 2007.

V. Executive Session: On a motion by Maurice Brousseau seconded by Gene Racquier the Board voted 5-0 to go into Executive Session at 6:20 pm to discuss security issues as well as litigation and union negotiations. The Board came out of Executive Session at 7:35 pm. On a motion by Maurice Brousseau seconded by Eugene Racquier the Board voted 5-0 to seal the minutes of the Executive Session.

VI. Old Business:

a Project Banking: The IXIS Funding report for the period of 06/01/07

through 06/30/07 was presented to the Board. It was noted that the accounts generated approximately \$50,000.00 during this period. It was also noted that this will be the last month that interest payments will be received from IXIS Funding.

b. **Bank of America Account:** Bank of America activity sheets were provided to the Board and showed a balance of approximately \$763,000.00.

c. **Bank of America Line of Credit:** Mr. Ventetuolo indicated that the line of credit process has been slowed down with the Bank of America Risk Management Group looking at the initial term sheet and suggesting that a lower amount of line and a higher amount of collateral (\$500,000/\$500,000) be awarded. This is unacceptable to the Corporation at this point and we are still negotiating with Bank of America to see if we can get a better line of credit.

d. **Forward Purchasing Agreement:** Mr. Ventetuolo discussed the PAM letter which outlines the provisions of the Forward Purchase Agreement. Also provided was the bid package that Winters Group used to put this project out to bid, as well as legal documents from our Bond Council, Fulbright & Jaworski. On a motion by Maurice Brousseau seconded by Eugene Racquier the Board voted 5-0 on the resolution to agree to the AIG agreement which will pay the Corporation approximately \$750,000.00 up front for sale of the IXIS Funding contract.

e. **Expansion Project Status:**

a. **Levien-Rich observation report #24** was presented to the Board for their review.

b. Noted was the fact that the Certificate of Occupancy for the Training Center has also been received by the Corporation. Currently only Phase IV area is still awaiting Certificate of Occupancy and most areas have been punched out.

c. A schedule was discussed by Mr. Ventetuolo noting that most of the remaining work should be completed by the 15th with a final punch list to be completed by August 30, 2007.

d. It was noted that customary to construction contracts and our own contract, approximately \$1.7 million was left in retainage to OAS. Based upon agreement with the bonding company and the Trust monitor, the Corporation has released a payment of \$1.0 million to OAS for retainage, leaving approximately \$700,000.00 in account which will be paid upon total completion of the project.

f. Management Contract :

a. Transition schedule: A transition schedule update gant chart was passed out and discussed with the Board members noting that everything was ready to go for August 1, 2007 and that all issues have been addressed.

b. Insurance Coverage: Chris Orton discussed with the Board the local trust coverage and rates and noted that The Trust was unable or unwilling to provide the level of coverage required to safely assume operations. Of particular note was the fact that The Trust would not provide liability coverage for offices outside of the Wyatt facility. This is totally unacceptable given the nature of our transport services as well as normal and routine operations. Also discussed was the package provided by GenCorp Corporation noting that all areas were

covered under this insurance package. It was also noted that on a comparative basis the premium rates provided by GenCorp are in line with what we were paying in the past to include payments past through Cornell for insurance coverage in light of the doubling of our facility, the doubling of staff and inmates and the now inclusion of workers compensation for the Board.

c. Union Negotiations: Mr. Ventetuolo discussed the status of the negotiations with RIPCO for both a recognition agreement as well as the successful completion of a CBA. It was noted that negotiations were going well, however, one issue had to do strictly with management rights in terms of who we had to hire and the criteria for hiring. This would not be given away to the union. Accordingly, the union gave the Corporation an ultimatum that we either sign an agreement by 12:01 am on August 1, 2007 or they would effectively strike. Given this ultimatum, we have stopped all negotiations at this point and we prepared the facility for a reduced work stoppage. It is AVCORR's position that we will not engage in negotiations with a threat of strike hanging over our heads.

d. Transition Expenses: Mr. Ventetuolo passed out invoices covering transition expenses to date which totaled approximately \$125,000.00. The balance of 460.00 remains in the transition account. Mr. Ventetuolo noted that there will be some additional costs and estimates the entire transition costs to be somewhere in the vicinity of \$150,000.00.

e. Reorganization Chart: A reorganization chart was provided to the Board which showed the reorganization of the Corporation's

operational functions. It was noted that AVCORR Management will function as the Executive Director overseeing two major branches; 1) Operations under Wayne Salisbury as Warden and 2) Financial Services under Tammy Novo as CFO. Also discussed were some other reorganizations in lower levels of the organization to make the operations more conducive to new management.

f. Cost Savings: Mr. Ventetuolo provided a sample of the cost savings that are being negotiated with all of the 30-35 individual subcontractors that are operating at the Wyatt. It was noted that each contract has been reviewed and efforts have been made to maintain the existing price or obtain a lower price in an effort to provide positive cost savings.

g. Conditional Offers of Employment: Mr. Ventetuolo discussed with the Board the provided letters of potential employment with all staff currently working for Cornell.

VII. New Business:

a. Pre-service Curriculum: A revised pre-service curriculum was provided to the Board. This is the pre-service curriculum that we use to support the added training given to Officers now that Peace Status has taken effect. This curriculum was also submitted to the Municipal Training Academy and approval is anticipated.

b. Global Revenues: Global Revenues for June, 2007 were provided to the Board noting an increase up to \$40,000.00, reflective of the

increased population.

c. **O/D T Pharmaceutical Issue:** Mr. Ventetuolo discussed the status of this with the ODT and noted that the local district Marshal is the only district that is complaining about the issue of charging for prescription medication. This has always been the case for the last thirteen years and nationally this effort is the same. We are working with ODT to try to resolve this issue.

d. **City Impact Fees:** It was noted that the Finance Director of Central Falls was concerned about regular and level of payments being paid to Central Falls. Mr. Ventetuolo discussed with him the issues relative to transition cost, arrears payment and current capacity levels effecting these payments. It was also noted that we are making payments as high as we can given the recent transition schedule that we are under.

e. **Warden's Position:** After much discussion of the Warden's position, on a motion by Gene Racquier seconded by Maurice Brousseau the Board voted 5-0 to hire Wayne Salisbury as Warden with an annual salary of \$110,000.00 and a \$20,000.00 signing bonus for a commitment to five (5) years in the position. Mr. Orton will be working out the employment contract.

f. **Worker's Comp resolution:** On a motion by Maurice Brousseau seconded by Casey Andrade, the Board voted 5-0 to make the workers of the Corporation available to Worker's Comp

VIII. Other:

a. **Requisitions:** On a motion by Maurice Brousseau seconded by

Casey Andrade the Board voted 5-0 to pay all requisitions presented on the agenda.

IX. Adjournment: On a motion by Maurice Brousseau, seconded by Eugene Racquier the Board voted 5-0 to adjourn at 8:45 pm and take a brief tour of Phase IV area of the facility.