

**Central Falls Detention Facility Corporation Meeting Minutes  
Wednesday, June 19, 2013 Wyatt Detention Facility Training Building  
935 High Street Central Falls, RI 02863 6:00 P.M. TDD/TTY  
401-727-7450**

**A meeting of the Central Falls Detention Facility Corporation was held on the above date in the Training Building at 5:00p.m. 1. Call to order / Roll Call - 5:07 p.m. All Members present: Director Cabral, Director Figueroa, Director Tillinghast, Director Rios, and Chairman Doherty 2. Public Comment (Out of order, just prior to Executive session) Former Mayor Thomas Lazieh formally welcomed Chairman Doherty to the Board and to He has an integral interest in the facility and hopes that revenue will be produced and sent back to the City. For the last two to three years, the City has received no money from the facility. Prior to that, they've received close to half a million dollars a year. He said that he is available to assist in any manner that the Chairman may need him. 3. Approval of Minutes 5/01/13 & 5/8/13. Motion to approve the minutes of the 5/1/2013 meeting made by Director Cabral; seconded by Director Tillinghast. All were in favor. Motion passed. Motion to approve the minutes of the 5/8/2013 meeting made by Director Cabral; seconded by Director Tillinghast. All were in favor. Motion passed.**

**4. New Business**

**Chairman Doherty stated that Warden Murphy was not present at tonight's meeting and that he had been excused due to a death in his family. He offered the condolences of the Board to the Murphy**

family. A) Election of Finance Sub-Committee Director Tillinghast stated that the Board had been running with a Finance SubCommittee of one member since November. He asked that one other person be appointed to this sub-committee and that one alternate be assigned. Chairman Doherty pointed out that Mike Geezil was present in the audience. He served as a Consultant to the Board in the past and has expressed interest in continuing in that role. Director Tillinghast said that Mr. Geezil was instrumental in developing the prior two years' budgets and in bringing him up-to-speed with respect to the indenture of trust and the overall finances of the business. He welcomed him to the sub-committee. Chairman Doherty agreed to serve on this sub-committee with Mr. Tillinghast.

## **B) Report of the CFO**

### **1) Current Cash Report**

Bob Cuzzupe, CFO, reported on the April financials. Revenues for the month were approximately \$2M, an increase of \$35K over the month of March. ADP for the month was 631, compared with March ADP of 601. Budgeted ADP for April was 634. Revenues for the month were unfavorable to budget by \$14K. Year-to-date revenue is \$8M; \$234K unfavorable to budget. Operating expenses for the month of April was \$1.4M; this is \$14K lower than March expenses. Total operating expenses for the month was \$5K unfavorable to budget. Year-to-date operating expenses are \$5.6M; \$48K unfavorable to budget. Salaries and fringe were approximately \$964K; \$5K unfavorable to budget.

This is partly attributable to maintaining vacancies in our staff. Inmate care expenses were \$153K; \$15K unfavorable to budget. We had some old bills that weren't being accrued for and those were paid this month. Direct and Administrative expenses were \$154K; \$21K unfavorable to budget. Consulting fees were higher than budgeted by \$21K, primarily due to an interim Controller. The total insurance expense was \$54K; \$5K unfavorable to budget. The increase was due to Director and Officers insurance that was not expensed in prior months. Building and utility expenses were \$78K; \$32K favorable to budget. This was due to an over-accrual that happened in the electricity expense in prior months. Operating income for the month was \$649K; \$19K unfavorable to budget. This is attributable to the shortfall in revenues due to the ADP running lower than anticipated. The year-to-date operating income is \$2.36M; \$282K unfavorable to budget. Non-operating expenses for the month were \$798K; \$73K favorable to budget. The variance is due to the way interest income is being recognized and a change in depreciation. The change in net assets was a decrease of \$149K, compared with a budgeted decrease of \$204K.

2) Overview of Accounts Update Cash balances in the Trustee accounts as of April 30th were as follows: - General Revenue Fund \$1,103,000 - Debt Service Fund \$1.8M - Debt Service Reserve Fund \$6.697M

Chairman Doherty asked why the insurance was not budgeted. Mr. Cuzzupe clarified that this was a new D & O policy. It had been being expensed over four years, but it should have been being expensed over two years. He's corrected it going it forward. Chairman Doherty asked what the

current detainee count was. Deputy Warden Tapley stated that the current count, as of 3:00a.m., is 581, with a year-to-date ADP of 607. Director Tillinghast said that the operating metrics of the business on a macro level continue to run alongside plan. If you extrapolate out for ADP, you get \$12-\$13K in revenue that we're short. We are very consistent with our expenses. We are less than 1% off on a year-to-date basis. If you take the ADP delta, plan vs. actual, and multiply that out, you find the revenue shortage. The name of the game continues to be headcount and revenues. Management has done a good job of maintaining budgets and cost consciousness. He sees positive trends that would be aided further by the addition of another 30 -40 detainees.

Motion to accept the report of the CFO made by Director Tillinghast; seconded by Director Cabral. All were in favor. Motion passed. 3) Authorization of miscellaneous payments and purchases No requests for authorization made C) Reports of the Warden and/or Legal Counsel (as necessary); ADP update. Warden Murphy was not present. Legal Counsel had no report to issue in public session. 5. Old Business A) Request for reimbursement of legal fees, Al Romanowicz Chairman Doherty recused himself from a vote on this because he is friends with the Attorney that represented Mr. Romanowicz. Director Tillinghast said that at the last meeting they'd decided to wait until the Almonte Report and/or the Bailey Report were completed. He discussed this with Peg (Legal Counsel) and they had agreed that the Corporation should cover this

expense that Mr. Romanowicz incurred as a Board Member. Motion made by Director Tillinghast for the Corporation to pay a legal expense in the amount of \$3,207.50 incurred by Mr. Romanowicz; seconded by Director Figueroa. All were in favor. Motion passed. Attorney Lynch-Gadaleta started to suggest parameters to follow if a similar situation occurred. Chairman Doherty said that if a Board Member sought to retain legal counsel in the future, it should be approved by the Board prior to the engagement. He said that he did not believe that there was any policy on this, so he was not condemning the way that Mr. Romanowicz handled it. Motion made by Director Tillinghast that Board Members are required to seek Board approval prior to retaining legal counsel for any matters related to their involvement with the Board; seconded by Director Rios. All were in favor. Motion passed. Motion made by Director Cabral to pay the final bill submitted by Nancy Bailey in the amount of \$1,562.50; seconded by Director Rios. All were in favor. Motion passed. 6. Agenda items for next Board Meeting scheduled for July 17, 2013 @ 5:00pm Chairman Doherty asked to change the meeting time to 5:30pm. All were agreeable. He said that he'd like to talk about a Conflict of Interest policy and Board of Directors development at the next meeting. He will add those items to the next agenda. Director Figueroa said that he will be unable to attend the next meeting. Motion to go into Executive Session made by Director Tillinghast; seconded by Director Cabral. All were in favor. Motion passed.

7. Executive Session pursuant to RIGL § 42-46-5 for the following

**purposes: A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding Cornell litigation; Fink tax case; Almonte Forensic Audit; Bailey review of Belford/Morales incident B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the Warden. C. RIGL § 42-46-5(a)(1) Personnel Motion to end Executive Session and return to Open Session made by Director Tillinghast at 6:53pm; seconded by Director Figueroa. All were in favor. Motion passed. Motion to seal the minutes of Executive Session made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion passed. Motion to accept the Central Falls Detention Facility Corporation financial statements and supplemental information as of and for year-ending December 31, 2012 prepared by O'Connor & Drew made by Director Tillinghast; seconded by Director Figueroa. All were in favor. Motion passed. 8. Adjournment. Motion to adjourn made by Director Cabral @ 6:55pm; seconded by Director Tillinghast. All were in favor. Motion passed.**