

Central Falls Detention Facility Corporation Meeting Minutes
Monday, May 11, 2015
Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
5:30 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 5:30p.m.

1) Call to order/Roll call

Present: Chairman Gallant
Director Gonsalves
Director Gardner

Absent: Director Dinerman
Director Silva

2) Pledge of Allegiance

3) Public Comment

Former Mayor Thomas Lazieh stated that he is the originator of the project that became the Wyatt Detention Facility. He remains interested and tries to stay informed of the progress of the facility by attending board meetings. He asked to receive background information on the new board members. Over the last few years, the survivability of board members has been short-lived. He expressed that he hoped these board members would remain a little longer. He hopes that issues that he has raised in the past will be addressed, such as funding the City of Central Falls and the bond-rate schedule and ways to address and reduce that. He asked for the Board to address why the facility went through the bankruptcy procedure and what benefits were gained as a result of it. He complimented Warden Murphy and his staff. He said that Warden Murphy was a man of integrity and professionalism in the time that he worked with him. He said that he hoped in future meetings that the public would be able to address issues on the agenda, outside of the public comment, as they came up. He offered his assistance to the board in any way possible. He expressed that he will be at future meetings and will have many questions for the Board.

Chairman Gallant responded that all board members were volunteers and want to be there. He could not speak to how and why the facility went into receivership, but he believes that the record is clear on that. The new board has been brought in to try to "turn this ship around and make this the best institution" that they can. He acknowledged that this was a monumental task and that they have extremely difficult decisions to make. It will not be easy or pleasant, but their top priorities will be the City of Central Falls, the safety, security, custody, and control of the inmates housed here and the well-being of the staff who work here. He said that for counsel, the board had selected a one-stop shopping firm, Panone, Lopes, Devereaux, and West (PLDW), out of Providence. One of the partners, Matty Lopes has 28 years of experience in the prison-system. He is counsel to the US District Court in California and has written tens of thousands of consulting reports for the courts. They offer us the top in labor-management and bondholder attorneys. It was important for the Board, given the tasks ahead of them, that they have everything

under the umbrella of one firm. The Board is very comfortable and excited to have PLDW. They've negotiated extremely competitive rates for the services that they bring. Lastly, he said that he would ensure that Ms. Pouliot would provide Mayor Lazieh with the names and telephone numbers of all board members. He stated that board members are available 24 hours a day, 7 days a week. He reiterated that the board members are volunteers and that they are going to give the best that they have to offer.

4) Approval of 4/6/15 minutes

Motion by Director Gonsalves to approve the minutes of the 4/6/15 meeting; seconded by Director Gardner. All were in favor. Motion passed.

5) New Business

- A. To consider inviting representatives from the Rhode Island Ethics Commission to educate and advise the Board of Directors about the standards of conduct set out in the Code of Ethics.
- B. To consider inviting representatives from the Rhode Island Department of the Attorney General to educate and advise the Board of Directors on the legal requirements under the Open Meetings Act and Access to Public Records Act.
- C. To consider inviting a representative to educate and advise the Board of Directors on corporate governance matters.

Chairman Gallant stated that Attorney Lynch continues to work on getting someone from the Ethics Commission and from the Attorney General's office to provide the Board with education on the ethics rules of the state as well as open meetings. He expects that Attorney Lynch or PLDW will advise him when that has been arranged. He asked that board members do everything that they can to accommodate the schedules of those that will come in to help them.

- D. To provide a status update on the transition to new legal counsel.

Attorney O'Gara stated that the transition has gone smoothly. The attorneys involved have worked with PLDW to ensure that there are no pauses or glitches in representation. There are one or two files that have not been transferred over, but he believes that will take place this week.

- E. To provide a status update on the search for a new Warden.

Chairman Gallant asked Ms. Pouliot to confirm that there were six (6) candidates that met the minimum qualifications for the Warden's position. She confirmed. He stated that board members had received resumes for all of those who did and did not meet the minimum qualifications of the position. He asked if anyone had an objection as to any of the candidates who did not meet the minimum qualifications or if there was anyone there that they still wanted to speak with. Both Directors stated that they had no objection.

Motion to notify those who were not selected for interviews made by Director Gardner; seconded by Director Gonsalves. All were in favor. Motion passed.

Chairman Gallant instructed Ms. Pouliot to draft a letter to those individuals not selected for interviews thanking them for their interest and informing them that the board had moved on to other more qualified candidates for his signature.

He said that he is hoping to have three or four interviews with the six candidates under consideration. He'd like to make it open to staff, to the public, and to the entire Executive staff. Mr. Gardner is away from May 19th – 26th, so they would be blocked out for that period. He asked Ms. Pouliot to schedule interviews, in alphabetical order, for a forty-five (45) minute meet and greet with the Board beginning at 5:30pm on Thursday, May 28th.

F. To discuss organizational executive staffing efficiencies.
(Taken out-of-order following I. Class 37)

Chairman Gallant said that the Board and the bondholders have been poring over the organizational chart looking for savings and streamlining. For this to be successful over the next four years, they will have to make difficult decisions. The Board will start reorganizing so that by time the new Warden comes in, he/she will have an Org Chart that is as lean as the budget can support.

He recommended that the position of Deputy Warden be eliminated from the budget. He said that this was in no way indifferent to the eleven years that the Deputy Warden has put in here. He acknowledged that this is a long time and he has been through several administrations and that he makes the recommendation with a heavy heart.

Motion by Director Gardner to eliminate the position of Deputy Warden; seconded by Director Gonsalves. All in favor. Motion passed.

Chairman Gallant stated that he has been authorized by the bondholders to negotiate a severance package. He spoke to the Deputy before this meeting. DW Tapley indicated that, if this motion passed, he would like to work tomorrow, so that he can speak with the people that work for him and then take the rest of the week in time that he has coming to him. He indicated that he would speak with CFO Cuzzupe to discuss figures and then be in-touch with the Deputy regarding a severance package within the next few days. He thanked DW Tapley and wished him the very best. Director Gonsalves replicated his sentiments.

Chairman Gallant recommended that part of the Deputy Warden's salary (\$90,125) be reallocated as follows:

- Director of ACA Compliance will become Chief of Support. She will take on the Org Chart beneath the Deputy Warden and to include Investigations. The Warden will maintain Internal Affairs during his tenure. The new Warden, when he/she comes in will determine where they want Investigations to fall.
- Chief of Security and Chief of Support will be at equal compensation of \$75k each. This represents a significant bump to Ms. St. Pierre, who will assume the additional duties, and a small bump to the Major.
- Maintenance Supervisor Frederic (Clifford) will assume additional duties as Manager of Contract and Service Procurement reporting to the CFO with a salary of \$70k, from his current salary of \$61,800.
- HR Director Pouliot will be bumped to a mid-management salary of \$70k, an increase of \$1,041.
- Programs Director Singleton will be bumped to \$70k, an increase of about \$400 - \$500.
- Overall, this represents a net salary savings of about \$63k. There are other savings that we will look at down the road.

Motion that the adjustments recommended by the Chairman be made to the Org Chart made by Director Gardner; seconded by Director Gonsalves. All were in favor. Motion passed.

G. Report of the CFO

CFO Cuzzupe presented the following:

The following is a brief summary of the financial results for Central Falls Detention Facility Corp. for the period ended February 28, 2015.

REVENUE

Total revenue for the month was approximately \$1.3 MM.

Revenue for the month was unfavorable to budget by \$191k. The budgeted ADP was 500 for the month compared to the actual of 437.

YTD Revenue is \$2.8MM, \$337k unfavorable to budget.

OPERATING EXPENSES

Total operating expenses for the month were approximately \$1.5MM.

Total operating expenses for the month were \$24k unfavorable to the budget.

Salaries and Fringe

Total salaries and fringe were approximately \$913K, \$17k favorable to budget attributable to lower than budget wages and overtime.

Inmate Care Expenses

Total inmate care expenses were approximately \$101k, \$21k favorable to budget. This was attributable to lower than expected medical supplies & materials of \$7k, and professional services of 11k.

Direct & Administrative Expenses

Total direct and administrative expenses were approximately \$265k, and were \$78k unfavorable to budget due to higher than expected bondholder legal fees of \$66k and IT consulting fees of \$12k.

Insurance Expense

Total insurance expenses were approximately \$53k, \$1k unfavorable to budget.

Building & Utility Expenses

Total building and utility expenses were approximately \$140k, \$17k favorable to budget. This was due to increased building repairs of \$8k and lower than expected heating and electrical costs of \$25k for the month.

OPERATING INCOME

Operating loss for the month was \$167k, \$216k unfavorable to budget. The decrease is the primary result of the shortfall in revenue related to the lower than anticipated ADP.

NON-OPERATING REVENUE/EXPENSE

Non-Operating Expenses for the month were \$793k, \$4k favorable to budget. The variance is due to how I calculated the interest when preparing the budget and lower than anticipated depreciation expense.

CHANGE IN NET ASSETS

Change in net assets for the month was a decrease of \$960k compared to a budgeted decrease of \$749k.

CASH

The following are the cash balances in the trustee accounts as of February 28, 2015:

US BANK

General Revenue Fund	\$ 1,507,152
Debt Service Fund	\$ 0
Debt Service Reserve Fund	\$ 122,404
Capital Improvement Fund	\$ 4
Operations & Maintenance Fund	\$ 625,519
Fees & Expenses Fund	\$ 35,574
Bondholder Account	\$ 2,520,652

BANK OF AMERICA

Operations & Maintenance	\$ 252,518
Vendor Payments	\$ 150,973
Payroll	\$ 6,780

Motion by Director Gardner to accept the February CFO's Report; seconded by Director Gonsalves. All were in favor. Motion passed.

The following is a brief summary of the financial results for Central Falls Detention Facility Corp. for the period ended March 31, 2015.

REVENUE

Total revenue for the month was approximately \$1.4 MM.

Revenue for the month was unfavorable to budget by \$197k. The budgeted ADP was 500 for the month compared to the actual of 443.

YTD Revenue is \$4.2MM, \$533k unfavorable to budget.

OPERATING EXPENSES

Total operating expenses for the month were approximately \$1.6MM.

Total operating expenses for the month were \$96k unfavorable to the budget.

Salaries and Fringe

Total salaries and fringe were approximately \$1MM, \$63k unfavorable to budget attributable to higher than expected administrative wages of \$40K and overtime of \$23K.

Inmate Care Expenses

Total inmate care expenses were approximately \$101k, \$28k favorable to budget. This was attributable to lower than expected medical supplies & materials of \$6k, food service expenses of \$ 14K, and professional services of \$8k.

Direct & Administrative Expenses

Total direct and administrative expenses were approximately \$280k, and were \$105k unfavorable to budget due to higher than expected bondholder legal fees of \$80k employee uniforms \$4k, vehicle repairs \$4K legal expenses – detainees \$6k, housekeeping supplies \$2k, and IT consulting fees of \$9k.

Insurance Expense

Total insurance expenses were approximately \$53k, \$1k unfavorable to budget.

Building & Utility Expenses

Total building and utility expenses were approximately \$128k, \$29k favorable to budget. This was due to increased building repairs of \$8k and lower than expected heating and electrical costs of \$37k for the month.

OPERATING INCOME

Operating loss for the month was \$147k, \$299k unfavorable to budget. The decrease is the primary result of the shortfall in revenue related to the lower than anticipated ADP and additional operating expense.

NON-OPERATING REVENUE/EXPENSE

Non-Operating Expenses for the month were \$795k, \$3k favorable to budget. The variance is due to how I calculated the interest when preparing the budget and lower than anticipated depreciation expense.

CHANGE IN NET ASSETS

Change in net assets for the month was a decrease of \$942k compared to a budgeted decrease of \$646k.

CASH

The following are the cash balances in the trustee accounts as of March 31, 2015:

US BANK

General Revenue Fund	\$ 1,360,108
Debt Service Fund	\$ 0
Debt Service Reserve Fund	\$ 122,405
Capital Improvement Fund	\$ 4
Operations & Maintenance Fund	\$ 759,060
Fees & Expenses Fund	\$ 237,607
Bondholder Account	\$ 2,270,652

BANK OF AMERICA

Operations & Maintenance	\$ 17,001
Vendor Payments	\$ 187,262
Payroll	\$ 22,445

Motion by Director Gardner to accept the March CFO's Report; seconded by Director Gonsalves. All were in favor. Motion passed.

CFO Cuzzupe stated that the capital improvement budget approved this year was for \$262, 488. To-date, we've expended approximately \$130k, leaving approximately \$130k remaining in the budget. Director Gonsalves asked if this expenditure was attributable to computers. CFO Cuzzupe said that the bulk of it, about \$100k, was. The other monies were used to purchase vans. We have the vans, but now we need to get them outfitted for use. Chairman Gallant asked if there were any significant building expenses anticipated. CFO Cuzzupe said not at this time.

G. Report of the Warden

Since Warden Murphy was unable to attend the meeting, Deputy Warden Tapley presented the following on his behalf:

- The detainee count today is 438. The budgeted ADP is 500.
- Year-to-date ADP is 444.
- FTE (staffing) was 160.52. We currently have 15 employees on leave.
- The Correctional Officer count is at 100 with 89 active and 11 on leave.
- Class 36 orientation was held today. The Academy will start next Monday.

- One minor detainee altercation resulting in minor injuries last month. However, on May 5th, there was a serious incident. That matter is under investigation by the RI State Police and the US Marshals Service.
- On May 1st, Aramark food services, with the assistance of facility staff served a May Breakfast to City residents in conjunction with Progreso Latino.
- Last week was Correctional Employees Week. It was well-received by staff.
- Fund-raising for the RI Special Olympics continues. On May 29th, there will be a cook-out, as well as a raffle of a television donated by Aramark, held at the Training Building. The committee is also selling t-shirts for the Torch Run.
- In regards to revenue stream, Warden Murphy has worked diligently to have BOP program failures with less than three (3) years housed at this facility. Last month, we had 16 of those program failures housed here.

Director Gardner asked the Deputy Warden (DW) to confirm that there would be sixteen (16) participants in the Academy starting next week. He confirmed. He asked how this compared to the number of applicants who had applied for the position. DW Tapley said that it was very low this time. Director Gardner asked how the facility went about its recruitment process and whether they accepted applications outside the recruitment process. DW Tapley summarized the process.

Motion to accept the Warden's Report made by Director Gardner; seconded by Director Gonsalves. All were in favor. Motion passed.

I. Class 37

Deputy Warden Tapley, on behalf of Warden Murphy, asked for permission to begin the next recruitment process.

Motion to approve the start of the next recruitment process made by Director Gonsalves; seconded by Director Gardner. All were in favor. Motion passed.

- 6) To consider potential agenda items and a date for the next Central Falls Detention Facility Corporation Board Meeting.

Next meeting scheduled for the second Monday in June.

Motion made by Director Gardner to go into Executive session; seconded by Director Gonsalves. All were in favor. Motion passed.

- 7) Executive Session pursuant to RIGL § 42-46-5 for the following purposes:

- A. R.I.G.L. § 42-46-5 (2) - to discuss litigation regarding City of Central Falls v. Sanford Fink, Francine Fink and Central Falls Detention Facility Corporation, C.A. No. PC-2012-6512
- B. To discuss Workers Compensation litigation regarding Denise Cruz
- C. To discuss Workers Compensation litigation regarding Scot Belford

Motion to return to open session made by Director Gonsalves; seconded by Director Gardner with a contingency to seal the minutes of Executive session. All were in favor. Motion passed.

Motion to authorize Beacon Mutual to go ahead with settlement of the Belford and Cruz matters made by Director Gardner; seconded by Director Gonsalves. All were in favor. Motion passed.

9) Adjournment

Motion to adjourn made by Director Gardner; seconded by Director Gonsalves. All were in favor. Motion passed.