Draft Meeting Minutes OLSBA BOG Special Meeting June 1, 2026

Officers Present: John Cunningham (President), Paul Yellen (Vice President), Tracey Cappellucci (Secretary), Robert Cappellucci(Treasurer)

BOG Members Present: Tim Larson, Jerry Vande Werken, Mary Kate Reynolds, Jay Moynihan, Jack Thomas

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Discussed Topics

1. Quorum and Meeting Opening

The meeting was called to order at approximately 7:05 PM.

- **Details**
    - John: Confirmed quorum and noted Bob would not be attending.
    - Tim: Flagged his phone battery issue and expressed full support for the budget vote in advance in case he lost connection.
- **Conclusion**
    - Quorum was confirmed and the meeting proceeded.

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2. Tim's Resignation from the Board

Tim announced he would be stepping down from the board before completing the second year of his two-year term due to personal/family circumstances. He expressed gratitude to the board and offered to continue as a volunteer.

- **Details**
    - Tim: Stated he had already sent John a text notification the day before the annual meeting and expressed appreciation for the board's work under John's leadership.
    - John: Acknowledged the news and suggested placing the matter on the agenda for the next meeting.

- **Conclusion**
    - Tim's resignation was acknowledged.
    - The matter will be formally addressed at the next board meeting.

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3. Purpose and Process of the Budget Meeting

John explained that the special meeting's purpose was to approve the proposed FY2027 budget and mill rate for presentation to the membership, not to resolve all outstanding issues.

- **Details**
    - John: Described the process — board approves the budget, it is presented to the membership with a 10-day review window, questions can be submitted via email, and robust debate is expected before the June 13th annual meeting.
- **Conclusion**
    - The board's role is to set the table for the membership vote, not to finalize all details at this meeting.

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4. Proposed Mill Rate and Budget Overview

Rob presented the proposed FY2027 budget and mill rate, sharing his screen with the group.

- **Details**
    - Rob: Current mill rate is 1.9 mills; proposed FY2027 rate is 3.7 mills — a 93% increase. Using his own property as an example, his annual assessment will increase from approximately $1,100 to approximately $2,200.
    - Rob: Total budget is approximately $406,000, up significantly from prior years.
    - Jack: Asked for the old vs. new mill rate to be stated clearly before discussing individual line items.
    - Jerry: Confirmed the 93% increase figure.
- **Conclusion**
    - The mill rate increase is primarily driven by stormwater-related costs, WPCA budget expansion, and new financing expenses.

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5. Key Budget Line Item Drivers

Rob walked through the major drivers of the budget increase in detail.

- **Details**
  - Rob: Legal fees budgeted at $50,000 (stormwater-related — Shipman guidance, private placement financing costs); forecast for FY26 end is $16,000, representing a ~$50,000 increase.
  - Rob: WPCA budget line is $112,300, up from $55,000 budgeted in FY26 (no WPCA funds were actually transferred in FY26, so the $130,000 reserve will grow).
  - Rob: WPCA budget components include engineering services (Fuss & O'Neill, ~$12,000), bond counsel ($10,000), technology/software, legal costs, miscellaneous SOAR project costs ($7,500), back office support ($12,000), audit services ($15,000), and a project clerk for 39 weeks (~$31,200).
  - Rob: Interest expense on stormwater financing is budgeted at $70,000, based on an assumption of $1 million in debt at 7%.
  - Jack: Confirmed that WPCA legal fees are separate from the legal fees listed elsewhere in the budget.
- **Conclusion**
  - The three largest new cost drivers are: stormwater financing interest ($70,000), WPCA budget expansion ($112,300), and legal/Shipman fees ($50,000).

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6. Beach Cleaning Contract and Repairs

Jay asked about the increase in the beach cleaning and repairs line item.

- **Details**
  - Jay: Noted the line item moved from approximately $21,700 to $15,000 (cleaning contract) and asked about the assumption.
  - Rob: Explained that a two-year contract with Anthony was negotiated by Paul, providing consistency in FY26 with a slight increase in FY27. The repairs/maintenance portion is variable; two years ago it was $28,000 due to storm damage; this year forecast is ~$12,000, but Rob added a cushion.
- **Conclusion**
  - The cleaning contract is a fixed cost; repairs/maintenance is variable and has been conservatively increased as a buffer.

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7. Snow Plowing Budget

iPhone asked about the increase in the snow plowing line item from $5,500 to $10,000.

- **Details**
  - Rob: Actual snow plowing costs in FY26 came in at ~$9,500 against a $5,500 budget — the largest single line item miss in FY26. The budget was increased to $10,000 accordingly.
  - Jay: Agreed that having sufficient resources is prudent; any unspent funds would flow to reserves.
- **Conclusion**
  - Snow plowing budget increased to $10,000 to reflect actual FY26 experience.

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8. Merchant Fee for Electronic Payments ($5,000)

Rob introduced a new $5,000 line item for merchant/processing fees related to accepting credit card and ACH payments for tax bills.

- **Details**
  - Rob: The association will accept credit card and bank ACH payments through QuickBooks. Credit card fees are ~3%; ACH fees are ~1%. The $5,000 is a blended estimate.
  - John: Confirmed payments will be processed through QuickBooks, automatically registered and deposited.
  - Jerry: Raised the question of whether the fee should be borne by the association or passed on to the individual payer, noting that many municipalities charge the payer directly for credit card use.
  - Rob: Acknowledged the option exists but chose to absorb the cost in the budget for simplicity. Noted the cost is funded through the budget either way — either as an expense line or reflected in the mill rate.
- **Conclusion**
  - The $5,000 merchant fee will be absorbed by the association as a budget line item for ease of administration.

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9. Sheffield Brook Engineering ($10,000 — Ramboll/Engineering)

Jay asked about the $10,000 allocated for Sheffield Brook engineering (potentially Ramboll or another engineer).

- **Details**
  - Rob: Only ~$2,100 was incurred in FY26; a moratorium on further spending was agreed upon pending more details. The $10,000 is a placeholder for engineering costs (Ramboll or otherwise).
  - Jack: Clarified that the association's agreement is to pay half of the maintenance costs for Sheffield Brook, and noted that vegetation removal in that area is also needed.
  - John: Agreed there are likely costs related to ware boards and vegetation in the coming year.
- **Conclusion**
  - $10,000 is a placeholder for Sheffield Brook engineering/maintenance; guidance from Jack, Paul, or others may refine this figure.

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10. Shipman Legal Fees and Private Placement Financing ($50,000)

Jay asked for clarification on the $50,000 legal/Shipman line item and the nature of the financing being pursued.

- **Details**
  - John: Explained that the association cannot do a public bond offering due to lack of a credit rating. Instead, Shipman will arrange a private placement through banks (e.g., Webster Bank, Dime Bank). The process involves placing a short-term note (up to 1 year, ~$13,000–$17,000 in fees) followed by a longer-term bond (~$30,000–$35,000 in fees). Both may be needed within the fiscal year, totaling ~$50,000.
  - Rob: Noted the assumption is a single bank participating given the financing size. Asked whether additional fees (1.5%–3% of financing amount) need to be budgeted separately.
  - John: Acknowledged uncertainty about ancillary fees; described the $50,000 as a worst-case estimate. Noted some public announcement and state registration costs may apply.

    - Jay: Sought clarification on whether the $1 million financing assumption is a placeholder and whether the actual amount could be lower (e.g., $500,000 or $300,000).
    - John: Agreed the $1 million is a conservative placeholder; the actual draw could be significantly less depending on project timing and Clean Water Fund availability.
    - Rob: Confirmed the credit facility would be in place but actual draws may be much lower and later than assumed, making the $70,000 interest estimate likely an overstatement.
- **Conclusion**
    - The $50,000 legal/Shipman line and $70,000 interest expense are conservative worst-case estimates.
    - The actual financing amount and interest cost will depend on project timing, permitting, and Clean Water Fund availability.
    - The note serves as interim financing until the bond is placed; the bond itself is a capital activity separate from the operating budget.

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11. Stormwater Project Permitting and Budget Assumptions

Jay raised questions about whether the budget assumes stormwater construction will begin before permitting approvals are obtained.

- **Details**
    - Jay: Noted that Fuss & O'Neill permitting (Army Corps, DEEP) could take ~180 days, potentially pushing construction into Q1 of next year. Asked whether the budget assumes work begins before permits are issued.
    - John: Clarified that permitting is within the contractor's scope of work and that it is reasonable to assume these activities will begin in the coming fiscal year. The risk of not budgeting now is losing a year by waiting for the next annual meeting.
    - Jay: Expressed full support for ensuring adequate resources but wanted clarity on the assumption for the membership's benefit.
    - John: Confirmed all budgeted activities are expected to occur before June 30, 2027.
    - Jay: Acknowledged the explanation and agreed the details will be clarified as the year progresses.
- **Conclusion**

- The budget assumes stormwater-related activities (including permitting) will commence within FY2027.
- The $1 million financing placeholder may be revised downward as project scope and timing become clearer.

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12. WPCA Legal Fee Note Correction

Jay identified a discrepancy in the WPCA legal fee line item.

- **Details**
  - Jay: Noted that the budget shows $5,100 for WPCA legal fees, but the supporting note references 40 hours at $300/hour (which would equal $12,000). At $300/hour, $5,100 equals approximately 17 hours.
  - Rob: Confirmed the error and agreed to correct the note.
- **Conclusion**
  - The supporting note for WPCA legal fees needs to be corrected to reflect the actual hours consistent with the $5,100 figure.

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13. Systems and Continuity for Financial Management

Jay and Rob discussed the importance of robust financial systems given the scale of funds expected to flow through the association.

- **Details**
  - Jay: Emphasized that millions of dollars will flow in and out of the association in the coming months, audits will occur, and systems must be in place to ensure smooth transitions if board members change.
  - Rob: Agreed, noting that once construction starts, the train will not stop and systems must allow others to step in immediately if needed.
- **Conclusion**
  - The board acknowledged the need for strong financial systems and continuity planning ahead of the construction phase.

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14. Payment of Outstanding Shipman Invoices

Jay about the source of funding for remaining Shipman bills in arrears.

- **Details**
  - Rob: Payments in FY26 are coming from the FY26 budget. The association has moved to accrual-basis accounting. Half of the remaining balance will be paid in June; the other half in the first half of FY27.
  - Jay: Asked what the FY27 source of payment would be.
  - Rob: Explained that unspent legal budget from FY26 (budgeted $20,000, not fully spent) and surpluses from prior years will cover the remaining balance, drawn from unappropriated cash/reserves.
- **Conclusion**
  - Outstanding Shipman invoices will be paid from FY26 budget surpluses and prior-year unappropriated cash reserves.

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15. Clean Water Fund Eligible Invoices — Payment Timing

Jay asked about the approach to paying Clean Water Fund-eligible invoices (e.g., Fuss & O'Neill invoices #33 and #34, totaling ~$14,000) before Clean Water Funds are available.

- **Details**
  - Jay: Asked whether the association would defer payment until Clean Water Funds are available or pay upfront.
  - Rob: Indicated that Fuss & O'Neill will likely be paid promptly; other vendors may be asked for grace periods. The cash buffer on hand is sufficient to bridge the gap.
  - John: Added that the contractor has built delays into their planning and is comfortable waiting until funds are available, as long as delays do not extend past September. The note/credit facility would also provide interim funding if needed.
- **Conclusion**
  - Fuss & O'Neill invoices will be paid as they come due; other vendors may be asked for grace periods.
  - The interim note/credit facility provides a backstop to avoid dipping into association reserves.

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16. Budget and Mill Rate Vote

The board voted on the motion to approve the proposed FY2027 budget and mill rate.

- **Details**
  - Tim: Made the motion to approve the budget and mill rate as presented.
  - Jerry seconded the motion.
  - John: Called the vote — Jack (yes), Jerry (yes), Mary Kate (yes), Jay (yes).
  - Tim had disconnected due to battery failure; Bob was absent.
  - Paul: Raised a procedural note that the mill rate needed a separate vote; Jerry clarified that Tim's original motion covered both the budget and the mill rate.
- **Conclusion**
  - The budget and mill rate were approved 4–0.

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17. Meeting Adjournment and Next Steps

John wrapped up the meeting and outlined next steps for membership communication.

- **Details**
  - John: Noted the budget and mill rate will be distributed to the membership with a 10-day review period before the June 13th annual meeting. An email address will be provided for member questions.
  - John: Encouraged board members to respond to member follow-up questions as appropriate.
  - MK: Moved to adjourn; Jack seconded. Motion passed unanimously.
- **Conclusion**
  - Meeting adjourned.
  - Budget materials to be distributed to membership promptly with a Q&A email channel.
