OLSBA BOG Regular Meeting October 20, 2026 at 7:00 pm via zoom

Key Takeaways

- A quorum was established with 5 board members present: Jerry Vande Werken, Tim Larson, Jack Thomas, Mary Kate Reynolds, and Jay Moynihan.
- The agenda and September 28th Special Meeting minutes were approved (with Jack T voting no on the minutes due to concerns about attorney retainer language).
- The Treasurer's Report was presented by Rob Cappellucci, covering the September 30, 2026 financial statements; bill payments were approved unanimously.
- Stormwater financing is on track with two bank proposals received (Dime Bank and M&T Bank), with private placement deferred to January due to statutory lending caps.
- New London's Notice of Breach of Contract was addressed; the three beach associations responded that they are not in breach.
- The Town of Old Lyme engagement update was provided; the town is expected to respond by the following Monday.
- Two new appointments were approved: Michael Vasile to the Board of Governors and Nancy Boersig to the WPCA, both filling vacancies through June 30, 2027.
- Change Order 001 to the Baltazar contract ($6,200 total) was approved.
- WPCA officer vacancies were identified as an urgent concern requiring immediate action.
- Jay Moynihan formally departed the board and WPCA at the close of the meeting.

Discussed Topics

1. Call to Order and Quorum Confirmation

John Cunningham opened the meeting at approximately 7:03 PM.

Officers present: John Cunningham (President), Tracey Cappellucci (Secretary), Robert Cappellucci (Treasurer)

- **Details**
  - John: Confirmed quorum with 5 members present

    - Jerry Vandewerken, Jack Thomas, Tim Larson, Mary Kate Reynolds, Jay Moynihan
- **Conclusion**
    - Quorum was confirmed and the meeting proceeded.

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2. Adoption of the Agenda

A motion was made and seconded to adopt the agenda as published.

- **Details**
    - Tim: Moved to adopt the agenda as published.
    - Jerry: Seconded the motion.
- **Conclusion**
    - Motion passed unanimously.

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3. Approval of Minutes – September 28, 2026 Special Meeting

The board considered approval of the minutes from the September 28th Special Meeting. Jack raised a concern about the characterization of the attorney payment as a retainer.

- **Details**
    - Jack: Objected to the language indicating the association had "retained" the attorney, stating he believed it was merely a reimbursement of out-of-pocket expenses and that he did not want to be on record as having retained the attorney.
    - Jerry: Clarified that the retention was not an afterthought; he was involved in vetting the attorney and brought it to the Board of Governors, presenting the retention letter.
    - John: Confirmed Jerry's recollection; noted the engagement was for a limited scope of work.
    - Tim: Suggested noting Jack's philosophical objection while still approving the minutes.
    - Rob Cappellucci: Clarified the amount paid was $10,535.
- **Conclusion**
    - Roll call vote: Jerry – Yes, Tim – Yes, Jack – No, Mary Kate – Yes, Jay – Abstain (not present at the original meeting).
    - Minutes approved with Jack T's objection noted on the record.

4. Treasurer's Report – September 30, 2026

Rob Cappellucci presented the monthly financial report for the period ending September 30, 2026.

- **Details**
  - Rob: Highlighted that the Sewer project accounting presentation is still being refined. A credit balance in the due-to/due-from WPCA line item was explained by a $65,000 overpayment from the State of Connecticut related to previously denied, subsequently approved bills. An email to the state is pending for clarification.
  - Rob: The checking account balance of $314,000 reflects state funding received. $39,000 in association taxes remain outstanding; one delinquent account is two years overdue. Approximately $16,000 was collected in October, reducing the outstanding balance.
  - Tim Larson: Asked whether a separate document isolating the WPCA balance on the sewer project exists. Rob confirmed it does.
  - Jay: Asked about the $68,500 line item for amounts owed by WPCA, clarifying it represents the net of all requisitions submitted through September against payments received. Rob confirmed this is a holding account pending reclassification on the balance sheet as construction in progress.
  - Jay: Raised the question of whether the WPCA is truly a separate financial entity or a reference term, given that funds flow through the association. Rob clarified it is currently a holding account and that the Sewer project should properly run through the WPCA as an enterprise fund within the association.
  - Rob: Statement of operations showed minimal activity; expenses included beach attendance salaries, beach cleaning, utilities, administration (QuickBooks, Zoom), office supplies (printing for fall meeting), membership directory, legal fees (Feiner and Wolfson for Town of Old Lyme Matter), quarterly insurance installment, and Beach Federation membership dues. Total expenses approximately $20,000–$22,000 on an accrual basis.
  - Rob: Accounts payable included insurance invoices, Connecticut Water, Eversource, Old Lyme Federation of Beach, reimbursement to Mary Kate Reynolds, a Shipman bill pending reconciliation, and two reimbursements to John Cunningham for web hosting (WP Engine Hosting Service, $424.20) and Elegant Themes ($89).

    - Tim: Confirmed the Cirma bill of $2,690 includes directors and officers liability coverage.
    - Rob: Insurance update – spoke with Dave Villecco at Cirma; confirmed the association's current policy is adequate for the Baltazar project. No additional coverage is needed. Villecco requested advance notice for future projects and offered contract review services for agreements above a low materiality threshold.
- **Conclusion**
    - Spending is on budget for the first three months.
    - Motion to pay bills as presented was made by Jack , seconded by Jerry. Motion passed unanimously.
    - No formal vote required to accept the Treasurer's Report itself.

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5. Stormwater Financing Update

John Cunningham presented a summary of the stormwater financing status, with input from Rob Cappellucci.

- **Details**
    - John: $22.7 million approved by bond resolution; approximately $2.5 million needed for private placement, with one bank offering up to $3 million. Two bank meetings held (October 8 and 9) with Dime Bank and M&T Bank.
    - John: Due to the $10 million annual lending cap for tax-exempt interest, the association has exceeded the cap by combining Clean Water Fund loans and construction obligations. The private placement must be deferred to January to remain in a new calendar year and avoid a higher interest rate (approximately 100 basis points more).
    - John: Baltazar was informed of the January timeline and confirmed it aligns with their construction schedule, as 6–8 weeks of sewer-only work remains before stormwater work begins.
    - John: Dime Bank (Norwich-based) offered terms including a 20-year fixed rate at approximately 6.5%–6.9% with no prepayment penalty. M&T Bank offered a higher rate (~7%) with a 10-year term only.
    - Rob: The absence of a prepayment penalty is advantageous; the association could borrow the full amount and immediately repay unused portions.

    - John: Shipman and Goodwin engaged as legal counsel; budget includes $15,000 for interim private placement and $35,000 for longer-term bond work, with a potential to consolidate into one transaction and save costs. A $6,000 credit from prior work is applied to current engagement costs.
    - Jay: Asked about outstanding balance with Shipman and Goodwin from prior years. Rob confirmed the $15,700 on the payables list relates to this and is expected to be reconciled and cleared.
    - Jay: Asked about bank compliance requirements. Rob confirmed annual reporting at minimum, with audit required due to expenditures exceeding $1 million under state requirements. Banks are treating the association as a municipality/special taxing district.
    - Jay: Raised concern about Baltazar submitting requisitions for stormwater work before financing is in place, creating a cash flow risk. John acknowledged the risk and noted Baltazar was informed; if requisitions arrive in late November, the 30-day payment window plus a possible 45-day extension should bridge the gap.
    - Mary Kate: Confirmed only two banks were approached so far and that the rate is fixed for the duration.
- **Conclusion**
    - Private placement deferred to January to optimize financing terms.
    - First bank offer expires November 8; the association will negotiate to extend the rate and closing date to January.
    - No prepayment penalty on the first offer is a significant advantage.
    - Rates of 6.5%–7% are consistent with prior project models.

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6. New London Notice of Breach of Contract

Jerry provided an update on the breach of contract notice received from New London.

- **Details**
    - Jerry: New London's counsel alleged the three beach associations and the town were in breach of the December 2, 2024 agreement for failing to commence construction within 18 months. The associations responded that a Notice to Proceed was signed in May 2026, refuting the breach claim. Steve Humes of Old Colony drafted the response letter on behalf of the three beach associations.

    - Jerry: The town subsequently sent their own response. The associations' counsel, Norb Church, spoke with New London's attorney, who indicated their primary concern was declaring the town (not the beach associations) in breach.
    - John: New London appears to be attempting to reclaim capacity allocated to the town, given its increased value.
    - Jerry: The agreement allocates specific gallonage to the three beaches, a separate allocation to the town, and an option for an additional 300,000 gallons available to both the town and the three beach associations. The response letter explicitly preserved the associations' option rights.
    - Jay: Corrected the excess capacity figure, noting it is approximately 130,000 gallons, not 300,000, and emphasized the significant financial potential of preserving this excess capacity for cost reduction and future gallonage availability.
- **Conclusion**
    - The three beach associations are not in breach.
    - The excess capacity option has been explicitly preserved in the response letter.
    - No further response has been received from New London since the associations' reply.

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7. Town of Old Lyme Engagement Update

Jerry provided an update on the meeting with Old Lyme town officials regarding their contractual obligations to participate in the sewer project.

- **Details**
    - Jerry: On September 29, Jerry, Steve Humes, and John Wolfson met with First Selectwoman Martha Shoemaker and three town attorneys (two regular town attorneys and bond counsel) at Old Lyme Town Hall. The purpose was to reiterate the town's contractual obligation to participate. John Wolfson presented a pre-drafted complaint; the town's attorney reviewed it but was not permitted to keep a copy.
    - Jerry: Jerry's role was to persuade the town to join the shared project at minimum, at a net cost of approximately $1.6 million after state funding, preserving their ownership stake, excess gallonage rights, and development control.

    - Jerry: Martha Shoemaker agreed to meet with other selectmen, including John Meacham (new selectman). A meeting was held the following Friday to brief Meacham. An executive session was held on October 19 (Monday). As of the meeting date, Shoemaker indicated another meeting would be held the following Monday, after which the town would provide their response.
    - Jerry: A DEEP letter dated October 9 was sent to the town in response to the town's April proposal for alternative pollution remediation methods. DEEP is pushing for a consent order by year-end with definitive timelines, reiterating that sewers are the most efficient solution. DEEP is moving toward imposing an administrative consent order on the town, analogous to what was imposed on the three beaches.
    - Jay: Confirmed the town does not yet have an administrative consent order from DEEP, only an administrative order, and asked whether DEEP is moving to impose a consent order. Jerry confirmed this is the case, as referenced in the DEEP letter.
    - Jay: Asked about the association's current litigation commitment. Jerry clarified the $10,535 payment was solely for John Wolfson to familiarize himself with the matter, attend the meeting, and prepare a complaint. No litigation has been authorized; a separate retainer would be required to proceed.
    - Tim: Expressed discomfort with speculating publicly about the town's options and strategy
- **Conclusion**
    - The town is expected to provide a formal response the following Monday.
    - The association is not committed to litigation at this time.
    - DEEP is increasing pressure on the town, which may incentivize the town to rejoin the project.
    - The board agreed to await the town's response before further public discussion.

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8. Board and WPCA Officer Appointments

The board addressed vacancies created by Jay Moynihan's resignation from both the Board of Governors and the WPCA.

- **Details**

- John: Two candidates were presented – Michael Vasile (ran in June, narrowly missed election) for the Board of Governors, and Nancy Boersig as a new volunteer willing to serve in either capacity.
- Michael Vasile: Expressed commitment to attend every meeting, highlighted his background as a retired military engineer officer with 25 years of service, experience managing state facilities, current role as Senior Program Manager at the Connecticut Office of Policy and Management (Office of Labor Relations), and 35+ years of shoreline experience at Chalker Beach Association.
- Nancy Boersig: Introduced herself as a new Old Lyme Shores resident (one month). Highlighted 30+ years as municipal accountant/administrator for the Town of Russell, Massachusetts (population ~1,700), overseeing highway, electric, water/sewer, cable TV, capital improvements, and state agency compliance. Prior experience at International Paper as supervisor of general accounting.
- Jay: Asked both candidates about their professional backgrounds for the public record.
- Tim Larson: Suggested placing Michael Vasile on the Board of Governors (consistent with his June candidacy) and Nancy Boersig on the WPCA, given her accounting and municipal finance background aligning well with WPCA needs.
- Jerry: Seconded Tim's suggestion, noting the WPCA will require significant accounting and verification work over the next 18 months.
- Jack: Suggested tabling the vote to next month. This was not seconded.
- Jerry: Formally moved to appoint Michael Vasile to the Board of Governors and Nancy Boersig to the WPCA, both to fill Jay Moynihan's unexpired terms through June 30, 2027.
- Tim: Seconded the motion.
- Both candidates accepted the appointments.

- **Conclusion**
  - Roll call vote: Jay – Yes, Jack – Yes, Mary Kate – Yes, Tim – Yes, Jerry – Yes.
  - Motion passed unanimously.
  - Michael Vasile appointed to the Board of Governors through June 30, 2027.
  - Nancy Boersig appointed to the WPCA through June 30, 2027.

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9. Infrastructure Project Change Order 001

The board reviewed and voted on Change Order 001 to the Baltazar contract, totaling $6,200.

- **Details**
    - John: The change order includes two components: (1) previously approved tree removal on the ball field ($1,200), and (2) a DEEP-required project sign ($5,000) that was not included in the original contract. Construction could not begin without the sign per DEEP rules. Baltazar installed the sign within 48 hours at the same price as in the Miami Beach contract, avoiding a potential $11,000/day delay penalty.
    - Jay: Confirmed the WPCA voted unanimously in favor. Noted that Fuss and O'Neill had initially assumed one sign would cover the entire project, but DEEP later required a separate sign for each project. Raised a process concern that Fuss and O'Neill approved and included the sign in the change order without prior WPCA notification; going forward, the WPCA should approve change orders before they occur.
    - Tim Larson: Moved to approve Change Order 001 to the Baltazar contract as submitted by Fuss and O'Neill on October 13, 2026.
    - Jerry: Seconded.
- **Conclusion**
    - Roll call vote: Jerry – Yes, Jay – Yes, Tim – Yes, Mary Kate – Yes, Jack – Yes.
    - Change Order 001 for $6,200 approved unanimously.

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10. October Invoice Review Process

John Cunningham provided an update on the October invoice submission process from Fuss and O'Neill.

- **Details**
    - John: October invoices were again received at the last minute, similar to September. John signed and submitted them with a reservation of rights clause to question charges if necessary. The next draft invoices are expected around October 23, providing approximately 10 days for proper review.
    - Tim Larson: Suggested giving the board chairman and treasurer latitude to approve change orders up to a certain dollar threshold, reporting back to the board afterward, to keep the project moving efficiently.
    - Jay: Noted the WPCA had previously discussed a similar recommendation in April/May but the preference at the time was for prior approval. Acknowledged the approach can be worked out.

    - John: Agreed to develop a policy proposal for a spending authority threshold and circulate it before the next meeting.
- **Conclusion**
    - Invoice review process is improving; next draft expected October 23.
    - A formal spending authority/change order approval policy will be developed and presented at the next meeting.

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11. Vacant Lot Sewer Laterals

The board discussed the policy for installing sewer laterals for vacant or non-conforming lots during active construction.

- **Details**
    - John: The WPCA agreed to offer laterals for vacant lots at the homeowner's expense. Two members expressed interest in paying for supplemental laterals on adjacent lots. No formal written policy exists yet. The economic case is favorable: each additional connection provides approximately a 7x return in cost reduction for other members.
    - Jay: Summarized the WPCA discussion: six or seven non-conforming lots are identified in the valuation listing. The WPCA agreed to offer laterals to these lot owners at their own cost. Concern was raised about lots that could potentially be subdivided in the future, with the WPCA recommending that subdivision approvals be obtained first before laterals are installed for non-established lots. Cautioned against making reactive decisions that could lead to uncontrolled density increases.
    - Tim: Disclosed that he and Nancy have a vacant lot at 26 Billow Road and believe installing a tap now is prudent, as the sewer line runs on the opposite side of the road and future road excavation would be costly and disruptive. Owners would pay for the tap now and pay the full assessment share if they develop later.
    - Tim: Also asked whether all lateral change orders are being tracked comprehensively, referencing outreach by DeeDee, Dennis, and Paul to approximately 30 homeowners.
    - John: Confirmed all lateral tracking is maintained in the project portal, updated every few days, with Fuss and O'Neill also contributing updates.
    - Jerry: Emphasized that homeowners purchasing laterals for vacant lots must understand the lateral cost covers only installation; they will still owe a

proportional share of the full project cost (based on 192 EDUs) if they connect in the future.

- John Cunningham: Confirmed a consent form is being prepared for homeowners to sign, acknowledging the lateral as an option purchase and their future financial obligations. Noted the association is not the Zoning Commission and cannot foreclose members' property rights; the 6 additional lots represent only a ~3% increase in density.
- iPhone (Jay): Cautioned against installing laterals for properties not yet approved for subdivision, recommending individuals obtain town and zoning approvals first, then return to the WPCA. Noted that construction crews have already passed several potential lots on Lower Billow Road.

- **Conclusion**
  - Laterals for identified non-conforming lots will be offered to homeowners at their own cost.
  - A consent form will be developed documenting homeowners' future financial obligations.
  - Policy for lots requiring subdivision approval will require further discussion and should not be decided reactively during active construction.
  - All lateral activity is being tracked in the project portal.

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12. WPCA Report

Jay Moynihan provided the WPCA report covering several operational and strategic items.

- **Details**
  - Jay: DEEP has contracted with a group called Moonshot Missions to provide technical services to the three beach associations, including: (1) developing a sewer ordinance for use by the beaches individually or jointly; (2) assisting beaches (primarily the other two) with backflow protection device requirements imposed by the town – devices costing $500–$800 each that are not eligible for Clean Water Fund reimbursement; Moonshot is working to make these voluntary rather than mandatory.
  - Jay: Spoke with the state regarding the interim financing obligation (IFO) and whether the association would be required to repay it earlier if the internal project is completed before the shared project. The state considered it a valid question but was not definitive; the matter will be monitored.

    - Jay: A property at 330 Shore Road is included within the WPCA's parameters; Fuss and O'Neill and Baltazar have been advised to install a lateral connection on Canty Road for this property.
    - Jay: Emphasized the need for the WPCA to develop itself as a public utility going forward, including strategic planning, financial planning, and staffing to effectively manage the utility post-construction.
- **Conclusion**
    - Moonshot Missions engagement is underway for ordinance development and backflow device advocacy.
    - IFO repayment timing question is under review with the state.
    - 330 Shore Road lateral to be installed on Canty Road.
    - WPCA must begin planning for long-term utility management.

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13. WPCA Officer Vacancies

John Cunningham raised the urgent issue of WPCA officer vacancies following Jay Moynihan's departure.

- **Details**
    - John: With Jay's departure, the WPCA chairman position is vacant. Bob Palazzo remains as vice chairman. Chris Shelton's treasurer status is unofficial as his underlying term ended June 30. There is no secretary since Marty resigned. Three of four officer positions are vacant, creating an existential risk to the project.
    - John: The 2012 ordinance requires the WPCA to elect officers at the first meeting after the annual meeting; five meetings have passed without elections.
    - Jay: Noted the board designated Bob Palazzo to review requisitions in the interim. Acknowledged the difficulty of recruiting volunteers for demanding roles on a $70 million project.
    - Tim: Suggested asking Bob (as vice chairman) to call a WPCA meeting within 14 days to formalize officer elections, with new member Nancy Boersig included. Supported interim appointments if necessary.
    - Jerry: Agreed with the urgency.
    - Jay: Agreed to send a note to Bob the following day, copying all relevant parties, requesting an expedited WPCA meeting.
    - Jack: Suggested tabling to next month to assess progress.

    - John: Expressed concern about the lack of a WPCA chairman to sign documents, referencing prior instances where Bob declined to sign on behalf of the association.
- **Conclusion**
    - Jay will send a note to Bob the following day requesting an expedited WPCA meeting to hold officer elections, ideally within 14 days.
    - The WPCA should convene a special meeting focused solely on officer elections before the next Board of Governors meeting.
    - Interim officer arrangements may be necessary if elections cannot be held immediately.

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14. Tax Deductibility of Sewer and Stormwater Payments

Jack Thomas raised the question of whether sewer and stormwater payments could be structured to provide homeowners with a tax deduction.

- **Details**
    - Jack: Proposed that if a $1,200 deduction were provided to homeowners as part of the association's real estate tax bill, homeowners who itemize could save approximately $200–$400 per year, potentially generating $60,000–$80,000 in aggregate savings for the community.
    - John: Questioned whether the association has the authority to make this determination and noted that capital improvements are generally not tax-deductible as expenses.
    - Rob: Clarified that capital improvement costs go against the property's basis (reducing capital gains upon sale) rather than being currently deductible. User fees have been ruled non-deductible by tax courts. The association taxes based on property assessment and cannot simply add items to create deductibility. A formal tax opinion would be needed.
    - Jack: Maintained that if the cost is included in the association's real estate tax bill, it becomes deductible, and argued the stormwater component could be treated as an association operating expense.
    - Tim: Requested Jack prepare a white paper with supporting documentation and tax law references for board review.
    - Jack: Declined to prepare a white paper, expressing frustration.

    - Jerry: Clarified the board is not uninterested but needs a more developed explanation with supporting documentation before taking a position.
    - Jay: Noted a related scenario where utility rates that do not cover costs are supplemented by property taxation, which could potentially create a deductible component, and suggested this may be worth exploring long-term.
    - John: Noted that interest expense on the loan is deductible and can be broken out on bills as a separate line item.
- **Conclusion**
    - No vote taken; topic deferred for further development.
    - Jack invited to prepare a written proposal with supporting tax law references for a future meeting.
    - Interest expense component of loan payments is deductible and will be identified as a separate line item on bills.

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15. Correspondence

Letter from Thomas Gryk

Thomas Gryk had submitted a letter requesting a detailed explanation of the infrastructure, financial, and legal structures in the notice to homeowners.

- **Details**
    - John: Summarized Gryk's three questions: (1) who has authority to impose/levy tax assessments; (2) what method will be used (assessment or tax); (3) when will assessments be levied so homeowners can prepare.
    - John: The WPCA is statutorily obligated to hold a public hearing on assessments; this is not required until permanent loan obligations are in place with the Clean Water Fund, which is some time away. A draft response has been prepared and will be sent to Attorney Church for verification.
    - Tom Gryk: Confirmed John's interpretation of his questions was correct. Acknowledged the draft response and concurred with having Attorney Church review it. Noted the assessment method appears to be a special assessment in the March 2029 timeframe.
- **Conclusion**
    - Draft response to Thomas Gryk will be reviewed by Attorney Church before being sent.

- Thomas Gryk invited to remain engaged as his questions are beneficial to the entire membership.

Letter from Maura Grammel

Maura Graml requested accumulated legal and engineering expenses for the quarter July 1 – September 30, 2026.

- **Details**
  - John: Numbers from Norbert Church (legal) have been requested but not yet received. Engineering bills from Fuss and O'Neill are available but have not been fully reviewed.
  - John: Acknowledged the need for greater financial transparency on the project, including monthly expense reporting against budget and burn rate analysis.
  - Jay: Noted the WPCA has arranged with Mike Nelson (Fuss and O'Neill) to provide quarterly expense breakdowns against budget, with the first report expected around December 15.
- **Conclusion**
  - Quarterly expense reporting from Fuss and O'Neill will begin circa December 15 and continue quarterly thereafter.
  - Legal expense figures from Norbert Church are pending and will be compiled.
  - A response to Maura Graml will be prepared once all figures are available.

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16. Adjournment and Farewell to Jay Moynihan

The meeting concluded with recognition of Jay Moynihan's service and a motion to adjourn.

- **Details**
  - John: Announced the next meeting is scheduled for November 17 (third Tuesday of November), with a possible date change if a board member coordinates an alternative.
  - Jay: Expressed gratitude for the opportunity to serve and wished the board well.
  - All board members: Thanked Jay for his service.

- **Conclusion**
  - Meeting adjourned at 9:12 PM.
  - Next meeting: November 17 (subject to possible rescheduling).