

Edward Farrar Utility District
July 13, 2022
Minutes
Hybrid meeting held in person and by Zoom

Present in the Steele Community Room: Commissions: P. Flanders, L. Sayah, N. Sherman, R. Finucane, C. Parks; Staff, W. Shepeluk, K. Petrovic, B. Woodruff;
Public: A. Johnson
M. Pomilio RW
J. Siegel, M. Thompson, The Ice Center
K. Haviland, N. Anderson, Downstreet Housing

Present by Zoom: Public, A. Kopelowitz Waterbury Roundabout, G. Andersen

Chairperson Flanders called the meeting to order at 4:30

Approve Agenda: P. Flanders requested time on the agenda to discuss the appointment of an EFUD representative on the Parks Steering Committee. This will be added to the agenda after Public. **R. Finucane made a motion to approved the amended agenda. N. Sherman seconded the motion; a vote was held and passed unanimously.**

Public: No comment

Parks & Study Steering Committee: R. Finucane moved to appoint N. Sherman to represent EFUD on the Parks Steering Committee, L. Sayah seconded the motion; a vote was held and passed unanimously.

Discussion with Downstreet on possible options for 51 South Main Street: Downstreet Housing is considering two locations in Waterbury for development. 51 South Main Street and the former Stanley & Wasson Hall near the State Complex. 51 South Main Street is more appealing at this time because of the timeline to move a project forward. Downstreet Housing has a deadline of November 10, 2022 to submit an application. Downstreet will return on August 10, 2022 with a presentation to share with the public regarding the development ideas for 51 South Main Street. EFUD will schedule an Informational Meeting to follow the regular EFUD meeting – this is with the intent to warn a vote on September 14, 2022

Discussion on closure of Ice Center NOV: W. Shepeluk gave an overview of the timeline of events leading up to and following EFUD issuing a Notice of Violation to The Ice Center for wasting water in the cooling tower. After a thorough discussion of events and operations of the center including recent setbacks **R. Finucane made a motion authorizing the EFUD Manager to calculate a fine, to be paid “in kind” donation, in the amount of \$25.00 per day for each day from September 26, 2021 – March 31, 2022 that the average daily temperature was above 40* N. Sherman seconded the motion, a vote was held and passed 3-2**

Discussion on impact of new Statutory Stream Withdrawal Requirements: Awaiting sanitary survey letter in regards to stream withdrawals.

Update on UDAG loans: N. Sherman made a motion to have all UDAG loans except The Ice Center & Revitalizing Waterbury due on September 15, 2022 with the terms outlined in the minutes of June 8, 2022. L. Sayah seconded the motion, a vote was held and passed unanimously.

N. Sherman made a motion to continue to suspend payments to Revitalizing Waterbury at 0% interest until the end of 2022 with the first payment due on January 15, 2023. R. Finucane seconded the motion, a vote was held and passed unanimously.

W. Shepeluk asked the board to consider his recommendation to restructure the loan for The Ice Center. A memo outlining his thoughts is attached. He asked for a discussion on the August 10, 2022 agenda

Update on Manager Search Committee: P. Flanders updated the board on the progress being made in the search for a new Municipal and EFUD Manager. Advertising is circulating and four applications have been received so far.

Consider EFUD Clerk options: R. Finucane moved to appoint K. Petrovic as Edward Farrar Utility District Clerk and Treasurer as of September 2, 2022 at close of business. N. Sherman second the motion a vote was held and passed unanimously.

Review and Commissioners input of Water Ordinance: Copies of the latest draft of the water ordinance have been circulated to the Commissioners for review. C. Parks requests additional time for review asking for comments to be made in advance of the September 14, 2022 EFUD meeting.

Update on Duxbury Moretown Fire District transfer: W. Shepeluk has spoken to attorney Eli Emerson and explained EFUD is willing to take over DMFD #1. There is a conflict because the two districts traditionally have representation from the same attorney office. EFUD will use Joe McLean to represent them in this matter in order to avoid the conflict.

Testing for COVID at the WWTP: Beth Anne Maier requested consideration from EFUD to participate in the state sponsored Covid testing at the WWTP in Waterbury. **R. Finucane moved to authorize staff to contact the State of Vermont regarding the testing. N. Sherman seconded the motion; a vote was held and passed unanimously.**

Department Reports; Zoom: The commissioners were pleased to hear the staff of the water and wastewater plants are having monthly meetings feeling this was a great benefit to both departments. EFUD will continue to offer hybrid monthly meetings

Consider Minutes of meeting June 8, 2022: L. Sayah made a motion to approve the minutes of June 8, 2022. R. Finucane seconded the motion; a vote was held and passed unanimously.

L. Sayah made a motion to find that premature general public knowledge regarding potential litigation would clearly place EFUD at a substantial disadvantage by disclosing potential litigation strategy. R. Finucane seconded the motion; a vote was held and passed unanimously.

L. Sayah made a motion to move to enter executive session to consider civil litigation to which EFUD will be a party. C. Parks seconded the motion; a vote was held and passed unanimously.

The Commissions, along with W. Shepeluk and B. Woodruff entered into executive session at 6:55pm

All parties returned to open session at 7:15pm having taken no action in executive session.

L. Sayah made a motion to authorize Joe McLean of Stitzel Page & Fletcher to file the complaint for declarative judgement and preliminary injunctive relief against Glenn Andersen. R. Finucane seconded the motion; a vote was held and passed unanimously.

The meeting was adjourned 7:17pm

The next meeting of the Edward Farrar Utility District is scheduled Wednesday August 10, 2022

To: EFUD Commissioners
From: W. Shepeluk, Manager
Date: July 13, 2022

Re: Ice Center of Washington West-Defer UDAG Loan

As with almost all the UDAG loans due EFUD, all payments due on the loan to the Ice Center of Washington West have been suspended by the commissioners since March of 2020 when the pandemic “shut down” normal day to day activity for most businesses, institutions and the population as a whole. The suspension was put in place after 3 months’ worth of average principal payments were credited to the loan. The interest rate was set to zero percent (0.00%) at that time so as there was no increase in the outstanding principal over time during the suspension period.

After these actions were taken, the principal balance outstanding on the loan was \$509,802.63. In January 2021, the commissioners agreed to lend another \$20,000 to the Ice Center. The loan allowed the Ice Center to pay off an outstanding “pledge note” held by the Community National Bank in the amount of \$16,929.26. The remaining \$3,070 could be used at the discretion of the Ice Center Board of Directors for “normal operations”, payment toward other outstanding debt obligations, or to be deposited to a reserve fund. The principal balance outstanding on the loan due EFUD’s UDAG Fund rose to \$529,802.63. As, the period of suspension for loan payments has remained in effect and the interest rate remains at 0.00%, the principal balance today is \$529,802.63.

In December 2021, as part of a plan I proposed to the select board and the EFUD Commissioners to help the owners of the Kneeland Flats Trailer Park and the Ice Center, I made this proposal:

- EFUD forgives or restructures \$530,000 UDAG loan to Ice Center.

The plan I proposed was approved by the two legislative bodies and several of the components of the plan were approved by the voters. The transfer of the UDAG Fund to the town was not approved by the voters and the EFUD Commissioners are still in control of the revolving loan fund and have the authority to set the terms and conditions of the loans.

Several times over the past year or so, I have recommended restructuring the loan to the Ice Center. I continue to believe the commissioners should defer the loan for a period of 20 years at 0.00% interest, however a 1% simple interest rate on the principal alone might be considered. I believe this is the best way EFUD can show its support for the Ice Center and to take translate the show of support to a very supportive action.

The loan documents that will need to be created to effectuate the deferment can and should stipulate the expiration of the deferment and the commencement of a normal amortization of the loan, if the property should sell during the deferment period. The terms and conditions of the loan going forward, including the interest rate would be negotiated between the Commissioners and the buyer before closing. A clause like this will protect the interests of EFUD, while allowing the Ice Center to sell the property if that should become necessary.

Skepticism of this proposal has been offered by EFUD Commissioners and while understandable to a degree, I believe some of the concerns are misplaced. It has been suggested the optics of doing this are bad. The fact that we have had to raise sewer rates and are contemplating major changes to our water and sewer rate structure have been used in the defense of the “this looks bad” philosophy. I believe that mixes

apples and oranges. The revenue from loan payments cannot be used to support water/sewer operations except through the existence of "cash on hand" in EFUD's checking account, perhaps helping the need to borrow for the operation of those funds in lean time.

The Ice Center, in addition to being a community based, not-for-profit recreation facility and a likely economic driver for the community, is a major customer of EFUD's water and sewer systems. A permanent suspension or deferment of this loan will make it much easier for the Ice Center to continue to operate to provide important recreation programs and opportunities as a private organization. I believe this is the best way EFUD can help insure that.

The community and EFUD need to understand that in many respects the Ice Center is starting its operation almost "from scratch" at this time. The pandemic shut them down for months in 2020 and even after re-opening COVID's continued and continuing presence has curtailed their activities last year and into 2022. In addition, the costly replacement of the condenser and the cooling tower caused their cash reserves to dwindle and the situation was exacerbated when mechanical issues in the refrigeration system forced additional costly repair and the loss of more than 3 months'-worth of business.

The amortization of the loan of \$529,802.63 over 20 years at 2% is \$2,680.18. Even at 0% it would be \$2,207.51. As the Ice Center is trying to get on its feet, adding even \$2,000 to their current payments might be a death knell. The current high cost of fuel, even as it has declined slightly will clearly push electricity costs higher when GMP has its next rate approval hearings. In my opinion, I don't think it can be overstated; the continuation of a loan deferral is necessary.

Some commissioners have suggested the deferral can stay in place, but should be evaluated from time to time to determine if the need has changed. I think the prospect of a re-evaluation from time to time will insure the need will never change. The Ice Center needs the ability to plan for the long term. A 20 year deferment of this loan will allow that. And if the organization does real well over time, the EFUD Commissioners 20 years hence, or the successor board if EFUD no longer exists can vote to put an amortization on place to begin collecting all or part of the debt, but they'd also have the ability forgive the loan at that time. The EFUD commissioners have voted to forgive principal and interest on one large loan and voted to forgive all the interest on another large loan for housing projects in the community, effectively giving away nearly a half-million dollars. I see no reason this generosity should not be applied to the Ice Center.

Other Commissioners have suggested EFUD should "buy out" the loan the Ice Center has with a commercial bank. The combined loan would be over \$800,000 I think. If all of it were amortized for payment as an active loan, the monthly loan payment on \$800,000 at 2% and 0%, respectively over 20 years would be \$4,047 and \$3,333. Of course, payments are being made now on the commercial loan now, so their monthly obligation would not increase by those full amounts, but I'm sure the increase would be significant and burdensome. The other downside to buying out the commercial loan for EFUD would be in its ability to make other loans. About \$600,000 is cash and securities is available now for lending. Buying out the commercial loan would cut that by half.

Please consider the deferment I am recommending.