

Special Council Meeting

June 27, 2025

A duly warned special meeting of the Newport City council was held on Friday, June 27, 2025 in the council room in the Newport Municipal Building. Present were Mayor Rick Ufford-Chase, Council President Kevin Charboneau, Council members John Monette, Carter Finegan, Andrew Touchette, Assistant Clerk/Treasurer Stacey Therrien, and members of the Press and Public

Mayor Ufford- Chase called the meeting to order at 3:00 pm

Additions/Deletions

None

Consent Agenda

The minutes of June 16, 2025, Payroll warrant for June 12 & June 26, 2025, AP warrants for June 20, and June 24, 2025, and Liquor licenses for Northern Star and Vermont Hard Cider. Mr. Monette moved to approve the consent agenda. Seconded by Mr. Touchette, motion carried.

Mr. Charboneau moved to grant a 1 month vendor permit to Ryan Staples and Chris Ward to set up near the Gazebo 4 days a week. And to coordinate with the Farmers Market to operate on Wednesdays and Saturdays and not operate while the Farm to School Lunch Box is there. Seconded by Mr. Monette, motion carried.

Mr. Touchette moved to approve the Vendor permit for David Montague in Gardner Park on the field side of the park. Seconded by Mr. Charboneau, motion carried.

Mr. Touchette moved to have the Mayor and Zoning Administrator bring a draft of a new Vendor policy with two weeks for public comment. Seconded by Mr. Monette, motion carried.

Approval of Police Dept. Cruiser

Mr. Touchette moved to approve the purchase of the new police cruiser in the amount of \$53, 917.00 with Passumpsic Bank at 4.97%. Seconded by Mr. Monette, motion carried.

June 25, 2025

Second Memo for Council regarding:

1. Actions taken by Mayor and Treasurer to ensure we have met all financial obligations for Year End closing on June 30, 20
2. Action proposed by Chip Stearns to release the obligation on Water and Sewer Funds

Council Members,

I apologize for the way I have had to piecemeal our agenda for the Special Meeting on Friday. The pressure of the close of our Fiscal Year on Monday is significant.

Item 1: I want you to know that I authorized the Treasurer to do two things today in order to ensure that we meet our financial obligations by Monday.

The first was to pay off the entire Line of Credit 1.8 million dollar balance with Passumpsic Bank and close that obligation. This is possible because of the work we did over the past two months upon the advice from Chip Stearns and our Financial Reporting and Fiscal Responsibility Task Force to consolidate our many bank accounts and put all the cash into our operating account. This creates just barely enough money in that account to pay this loan in full as is our obligation.

The second is to borrow \$350,000 from our own Walmart Fund in order to have enough cash to be able to pay any final, end of year bills after the LOC has been paid. In effect, this is just to create cash to operate with for a week or so until (assuming Passumpsic Board approval on Wednesday, July 2nd) we will have a new LOC of 2.725 million dollars to cover cash needs for the coming year. The full Walmart fund remains obligated to the economic revitalization and development of our downtown, and I expect we will be able to replace those funds within a week to ten days.

Item 2: Chip Stearns is proposing a final set of recommendations for our action before we close our fiscal year. Because of the accelerated timeline for our Special Meeting, the Task Force has not had the opportunity to review these particular recommendations, but they are consistent with the other actions recommended by the Task Force and taken by Council over the last several months. Therefore, it is my recommendation to Council that we take the following actions proposed by Chip Stearns:

That City Council move to uncommit the Sewer and Water reserves of:

- WWTF Sinking Reserve (117,779.83)
- Vactor Sinking Reserve (266,105.69)
- Water Tower Res (160,323.15)
- WTF Replacement Res (213,472.50)
- Reservoir Cover Res (55,303.12)

Council has already taken action to consolidate the cash in these accounts to free up cash for operations (see above). This action would remove the obligation to replace the money in those funds. The reason for this proposed action is that the cash backing these reserves has been used to cover prior expenses within these funds and is no longer available. Once we have stabilized our financial position, the Council will need to revisit the question of how to manage long-term planning for significant capital expenditures.

Chip's note:

The city consolidated cash to manage cash flow including these various reserves to cover obligations these funds owed to the general fund. Because these reserves were used by their respective funds which generated the obligations to the general fund. Presently the Sewer fund remains in debt to the general fund. It is important to relieve the reserves before the fiscal year ends.

Rick Ufford-Chase

Mayor



James Johnson <james.johnson.clerk@newportvermont.org>

Revised Agenda Item

1 message

Willis "Chip" Stearns <chip@nemrc.com>

Wed, Jun 25, 2025 at 9:12 AM

To: rick uffordchase <rick.uffordchase@newportvermont.org>

Cc: James Johnson <james.johnson@newportvermont.org>

Good morning,

The following is suggested for the City Council Meeting Friday the 27th:

I move the City Council uncommit the Sewer and Water reserves of:

WWTF Sinking Reserve (117,779.83)

Vactor Sinking Reserve (266,105.69)

Water Tower Res (160,323.15)

WTF Replacement Res (213,472.50)

Reservoir Cover Res (55,303.12)

because the cash backing these reserves has been used to cover prior expenses within these funds and is no longer available.

Background:

The city consolidated cash to manage cash flow including these various reserves to cover obligations these funds owed to the general fund. These reserves were used by their respective funds which generated the obligations to the general fund. Presently the Sewer fund remains in debt to the general fund. It is important to relieve the reserves before the fiscal year ends.

Thank you,

Willis D. "Chip" Stearns II



800-387-1110

www.nemrc.com

June 24, 2025

Council Members,

I hope to have more specific information about the loan we will be asked to approve on Monday by the time we meet on Friday. In the meantime, here is the worksheet that I have been working with Bankers and Lawyers to pull together. Please note that none of what follows has been formally approved by the bank.

I wanted to let you know we have been working diligently to pull together the necessary information for the City's loan requests to provide a presentation to our Loan Committee on Wednesday this week. Below is a breakdown of the requests:

SOURCES		USES	
PSB	\$2,725,000	\$2,725,000	TAN LOC (non-revolving) on assumption that current LOC is paid off in advance of Year End - Maturity 6/30/26
PSB	\$53,917	\$53,917	Purchase 2025 Chevy Tahoe - 3 years
PSB	\$1,800,000	\$1,800,000	Finance deficit created by miscalculation of tax rate 2018 - 2025; Term - up to 20 years (<i>Proceeds to be applied to principal of 2025/26 TAN note of \$2.725M</i>)
PSB	\$1,000,000	\$1,000,000	Repay general fund for W&S deficit; Term - up to 20 years
Total	\$5,578,917	\$5,578,917	Total

Noting we have not fully finalized our review, some of the conditions and covenants we plan to incorporate are as follows:

- City of Newport Tax Certificate for 2026 budget for W&S Department provided by Bank, executed by City)
- Opinion from City's Legal Counsel regarding authority to borrow under proposed structure
- Bank Counsel review of Legal Opinion from City's Counsel
- City to provide quarterly balance sheet and statement of financial activities which have been reviewed and approved by the City Council
- City to remain under contract for services with NEMRC until significant deficiencies are not identified within the City Audit

Proposed Rates of Interest:

TAN LOC (Tax Anticipation Note Line of Credit): 5.24% fixed for term

Long term deficit loan rates if voters approve them in August:

5.29% fixed for 5 years, adjusting every 5 years thereafter based on the FHLB Boston 5 yr rate +1.15

or

5.69% fixed for 10 years, adjusting for the remaining 10 years based on the FHLB Boston 5 yr rate + 1.45 fixed for remaining 10 yrs

Timeline:

6/25/2025 Consolidate any remaining cash assets that will be needed to manage cash flow through 7/1/2025. This includes a short-term use of funds from the Walmart funding (for 1 to 2 weeks) in order to manage cash flow between paying off the LOC and negotiating a new LOC for cash flow management in 2025/2026.

6/25 or 6/26/2025 Pay off the remaining 1.8 million dollar line of credit with accumulated interest and close this LOC.

6/27/2025 Council to meet for Special meeting to understand the financial management plan and the details regarding the proposed LOC for 25/26, and to be prepared to sign documents by docusign on Monday, June 30, 2025.

6/30/2025 Council Members (if they approve) will sign the loan request for 2.725 million dollar note for a term of one year – subject to bank Board approval on Wednesday, 7/2/25

7/7/2025 Regular Council Meeting – Council will consider approving and warning a special election for August 12th

8/12/2025 Special Election in which voters will take action on the financial measures proposed to resolve the accumulated deficits, as well as approving a short-term loan to manage the Water Tower construction costs until a Bond can be secured through VT Bond Bank and a separate decision regarding whether to approve a note of up to \$875,000 (\$75,000 more than initially approved) to pay for the new fire truck.

9/12/2025 Required waiting period is over so the City can move ahead with any voter-approved measures to borrow.

I look forward to discussing these matters as a Council at our Meeting on Friday.

Mayor Rick Ufford-Chase