

Briefing Memorandum

To: Old Colony Beach Club Association Water Pollution Control Authority

CC: Doug Whalen

From: Stephen J. Humes

Re: Town of Old Lyme Obligations Under Amended Cost-Sharing Agreement – Construction Phase Commencement

Date: April 07, 2026

Purpose

This memorandum provides a briefing on the Town of Old Lyme's contractual obligations and commitments under the Beach Associations' Cost-Sharing Agreement for the Sewer Project, as amended (the "CSA"), in light of the commencement of construction of the Shared Infrastructure Project and the February 2026 notice from the Project Committee confirming the Town's continuing obligations.

Background and Current Status

The Town joined the Miami Beach Association, Old Colony Beach Club Association, and Old Lyme Shores Beach Association as a party to the CSA in 2020 following execution of the Agreement to Add the Town of Old Lyme to the CSA and satisfaction of all conditions precedent. The Associations have confirmed that the Town satisfied all such conditions and is a full, binding party to the CSA.

On January 31, 2026, the Connecticut Department of Energy and Environmental Protection issued final Construction Authorizations to Award for the Shared Infrastructure Project and the Associations' internal infrastructure projects. The Project Committee has announced that construction of the Shared Infrastructure Project is expected to commence in Spring 2026 and that construction contracts are being finalized.

Financial Obligations and Cost Sharing

Capital Costs. Under the CSA, the Town is responsible for 29.7% of the total capital costs of the Shared Infrastructure Project, based on the agreed Equivalent Dwelling Unit allocation. This obligation applies to final design, construction, shared infrastructure components, and related project costs, net of amounts funded by Clean Water Fund grants or other DEEP funding.

To date, the Town has paid approximately \$66,000 representing its proportionate share of project costs incurred as of the time it joined the CSA, including the acquisition of the 73 Portland Avenue pump station site and certain easements. Going forward, the Town should be invoiced periodically for its proportionate share of final design and construction costs as those costs are incurred.

Financing. The Associations are transitioning Interim Funding Obligations (“IFOs”) from the design phase to construction-phase IFOs in coordination with DEEP and bond counsel. The Town remains responsible for permanently financing its allocable share of capital costs, typically through its own Clean Water Fund loan or comparable long-term financing permitted by the CSA.

Operation and Maintenance Obligations

Upon commencement of operations, the Town will share proportionately in Operation and Maintenance costs for the Shared Infrastructure Project in accordance with the CSA. Such costs should be billed periodically, subject to annual reconciliation.

Intermunicipal Agreements and Flow Allocation

The Town is bound by amended intermunicipal agreements with the Town of East Lyme and the City of New London, providing the Town with an allocation of 50,000 gallons per day (average daily flow) of treatment capacity. The Town is solely responsible for any additional processing, treatment, capital, or expansion costs triggered by flows attributable to the Town in excess of this allocation.

Governance and Participation

The Project is governed by a four-member Committee, with one voting representative appointed by the Town. Committee actions require three affirmative votes. As the Project enters the construction phase, the Committee will meet more frequently, and the Town is entitled to full participation and voting rights. The Town must formally designate its Committee representative.

Effect of Sound View / Area B Referendum

The Associations have acknowledged the Town’s December 2025 referendum relating to the separate internal infrastructure project for Sound View Beach and Miscellaneous Area B. Notwithstanding the outcome of that referendum, the Town’s obligations under the CSA for the Shared Infrastructure Project remain valid, binding, and enforceable.

Conclusion

With all construction authorizations in place and the Shared Infrastructure Project entering the construction phase, the Town’s obligations under the CSA are fully operative. These obligations include ongoing capital cost sharing at the 29.7% level, participation in project financing, continued governance through the Committee, and long-term operation and maintenance commitments consistent with ownership of permanent municipal sewer infrastructure.



TOWN OF OLD LYME

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FIRST SELECTWOMAN

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August 5, 2026

Via Email to Douglas Whalen

TO: Stephen J. Humes

Re: Town of Old Lyme Obligations Shared Sewer Infrastructure Project

Dear Mr. Humes:

The Town of Old Lyme is in receipt of Briefing Memorandum dated April 7, 2026, which it appears you have written and sent to the Old Colony Beach Club Association Water Pollution Control Authority with a copy to Doug Whelan ("Memorandum"). A copy of this Memorandum is enclosed for convenient reference. In my capacity as the First Selectwoman of the Town of Old Lyme, I am providing a response to certain contents of the Memorandum requiring clarification.

The first section of the Memorandum entitled "Purpose" references a February 2026 notice from a Project Committee asserting the Town's ostensible obligations. The Town in fact received a letter dated February 18, 2026, regarding the commencement of the construction of shared infrastructure, which indicated that on September 25, 2020, the Town and its Water Pollution Control Authority ("WPCA") joined a cost sharing agreement for the sewer project. However, the next line articulates that a month later (October 22, 2020) the Town signed an agreement setting forth *the conditions precedent* to the Town joining a (2016) cost-sharing agreement with three private beach associations, namely Old Colony Beach Association, Old Lyme Shores Beach Association and Miami Beach Association and their respective water pollution control authorities. This requires clarification.

The Town agrees that it has fully complied with the conditions precedent set forth in a certain 2020 Agreement to add the Town of Old Lyme to Beach Associations' Cost Sharing Agreement for the Sewer Project executed by then First Selectman Timothy Griswold, and then WPCA chair, Richard Prendergast on behalf of the Town of Old Lyme WPCA ("Agreement to Add the Town"). The Town strongly disputes, however, that either it or its WPCA ever joined the beach associations and their respective water pollution control authorities in a cost-sharing agreement subsequent to having met the stipulated conditions. The "Agreement to Add the Town" contemplated that the existing cost-sharing agreement by and among the private beach associations and their respective water pollution control authorities would at some point be amended to include the Town and the WPCA *once the conditions precedent had been met*. An amended cost-sharing agreement as contemplated by the Agreement to the Add the Town never came to fruition.

The Town notes that it provided payment to Old Colony Beach Association WPCA for the Town's share of the engineering costs for the shared infrastructure plans engineered by Fuss and O'Neil, in accordance with the Agreement to Add the Town, as this would be shared infrastructure the Town and/or its WPCA could use in the future, should the Town and its WPCA ultimately decide to join the cost-sharing agreement and implement our own sewer project in the Sound View Area.



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Last year, Selectman Jim Lampos and then-current WPCA Chair, Steve Cinami, worked for many months drafting the anticipated amended cost-sharing agreement. In the course of that endeavor, and on multiple occasions, it was noted that the original (2016) cost-sharing agreement between the three associations and their water pollution control authorities required modifications to include updated Clean Water Funding information before the Town and/or its WPCA would execute the cost sharing agreement adding them thereto. To the Town's knowledge, the necessary amendments were never made and neither the Town nor its WPCA have ever executed a cost-sharing agreement with any of the private beach entities and/or their authorities.

While the Town remains open to cooperating with private beach associations whenever possible, the town rejects any information in the April 7, 2026, Memorandum alluding to the Town and/or its WPCA having financial obligations under a cost-sharing agreement. I would welcome an opportunity for the Town and its legal counsel to meet with you on this matter if you desire.

Sincerely,

Martha Shoemaker
First Selectwoman

Encl. Copy of April 7, 2026 Briefing Memorandum