


**Fw: FEMA Interest Payments**

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**From** Connie Bona <cbona@richmondvt.gov>  
**Date** Wed 11/20/2024 1:38 PM  
**To** Josh Arneson <jarneson@richmondvt.gov>

 1 attachment (11 KB)  
Loans.xlsx;

See Bob's responses below

*Connie Bona  
Town of Richmond, Vermont  
Finance Director  
802-336-2094*

*"Just because you can doesn't mean you should"  
Sherrilyn Kenyon*

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**From:** Robert Fletcher <rfletcher@firmspf.com>  
**Sent:** Wednesday, November 20, 2024 12:22 PM  
**To:** Connie Bona <cbona@richmondvt.gov>  
**Subject:** RE: FEMA Interest Payments

Connie:

I believe I have answered your questions below but let me know if additional detail or explanation is required. In the event there are other questions, you should know that I am travelling on Friday and hence unavailable.

1. Is voter approval required? Voter approval is not required for so-called current expense loans. Such loans have a maturity of 1 year and the proceeds are needed and used to pay "current expenses" of the municipality.
2. FEMA reimbursement. FEMA reimburses "allowable costs" which can include interest on a capital improvement loan. I assume that if FEMA reimburses 75% of allowable costs, that means 75% of the interest paid on qualifying loans is reimbursable. A definitive answer likely can be obtained by asking FEMA directly.
3. Borrowing. The ability to borrow without voter approval is dependent upon the need for the funds. It is a cash flow driven determination. The fact that the Town has paid its expenses, and its cash flow is adequate for the FY25 budget indicates that the Town does not presently "need" a current expense loan. It may be that such a loan will be needed on July 1 as the Town has to cover then-current expenses but won't have tax revenue until August.

There is no authority to borrow simply to refill fund balances consistent with a fiscal policy. If the Town made inter-fund transfers of money on an emergency basis, there could be justification to borrow.

I trust this is useful.

Bob

Robert E. Fletcher, Esq.  
SP&F Attorneys, P.C.  
171 Battery St.  
PO Box 1507  
Burlington VT 05401-1507  
(802) 660-2555  
(802) 343-3593 (cell)  
[rfletcher@firmspf.com](mailto:rfletcher@firmspf.com)

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**From:** Connie Bona <[cbona@richmondvt.gov](mailto:cbona@richmondvt.gov)>  
**Sent:** Tuesday, November 19, 2024 1:41 PM  
**To:** Robert Fletcher <[rfletcher@firmspf.com](mailto:rfletcher@firmspf.com)>  
**Subject:** Fw: FEMA Interest Payments

Hi Bob,

We are working on our budget and the Selectboard has asked us to research loan options for the 2024 Flood. Currently our costs are around two million and FEMA reimburses 75% of the expenses.

The Bond Bank will be offering low interest loans to serve as a "Bridge Loan" until we get reimbursed by FEMA. We are not sure if we will be eligible, however, if we do we need voter approval for the loan?

Northfield Savings Bank and Union bank have told me we do not need voter approval for them to give us a "Current Expense Note" which lasts for a year, and can be renewed if we have to. Similar to a TAN or a BAN without as many restrictions. Please confirm that legally we can do this type of loan without voter approval.

Attached is information regarding FEMA reimbursement of interest on loans. Josh and I have reviewed this and want you to clarify exactly what this title is stating? If FEMA reimburses for interest, will it be at 100% or the 75% that they reimburse for incurred expenses as a result of the disaster?

Part of why the Selectboard has us looking at this is because due to the storm our unassigned funds are in the red for FY25, meaning we have nothing to offset the FY26

budget with. There is also concern that our cash flow will be too low at the end of the fiscal year and the first tax installment won't be in until August. I can justify borrowing some money to help with cash flow until the first tax installment next August, however, I cannot justify, financially, borrowing over 1.5 million so it will trigger unassigned funds at the end of FY25. With this in mind, I have attached our Unassigned Funds policy for your review. The bottom paragraph discusses replenishment of unassigned funds which this policy has not allowed for. Can the Selectboard change this policy at time, or does there have to be some form of justification for doing so? Does it even matter if we stick to "We are borrowing 1.5 million to pay for the 2024 Flood" even though we have already shown that we paid the expenses, and our cash flow is adequate for the FY25 budget.

We are trying to obtain this information in order to present to the board next Monday night.

Respectfully,

*Connie Bona  
Town of Richmond, Vermont  
Finance Director  
802-336-2094*

*"Just because you can doesn't mean you should"  
Sherrilyn Kenyon*

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**From:** Josh Arneson <[jarneson@richmondvt.gov](mailto:jarneson@richmondvt.gov)>  
**Sent:** Tuesday, November 19, 2024 8:18 AM  
**To:** Connie Bona <[cbona@richmondvt.gov](mailto:cbona@richmondvt.gov)>  
**Subject:** Fw: FEMA Interest Payments

Josh Arneson (he/him)

Town Manager  
Town of Richmond  
P.O. Box 285  
Richmond, VT 05477  
(802) 434-5170

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**From:** Johnson, Timothy <[timothy.johnson@fema.dhs.gov](mailto:timothy.johnson@fema.dhs.gov)>  
**Sent:** Friday, November 15, 2024 2:07 PM  
**To:** Josh Arneson <[jarneson@richmondvt.gov](mailto:jarneson@richmondvt.gov)>; Duncan Wardwell <[dwardwell@richmondvt.gov](mailto:dwardwell@richmondvt.gov)>  
**Cc:** Monreal III, Nickolas <[nickolas.monrealiii@fema.dhs.gov](mailto:nickolas.monrealiii@fema.dhs.gov)>; [rhosking@mac.com](mailto:rhosking@mac.com) <[rhosking@mac.com](mailto:rhosking@mac.com)>  
**Subject:** RE: FEMA Interest Payments

Josh,

## From PAPPG V4 pg. 96

### Interest on Loans

Applicants may need to obtain a loan to complete work. Financing costs for a loan is only eligible when it meets the conditions established in 2 C.F.R. § 200.449.

I attached a snip of 2 CFR above.

I believe interest on a loan from a typical bank or other lending institution would be eligible, however, I recommend that you have the town legal counsel review these documents prior to taking out a loan to make sure you are in compliance.

Tim

Timothy L Johnson  
Program Delivery Manager | DR 4720/DR 4810 VT | Public Assistance Division  
Office: (202) 924-8537 | Mobile: (202) 924-8537  
[timothy.johnson@fema.dhs.gov](mailto:timothy.johnson@fema.dhs.gov)

Federal Emergency Management Agency  
[fema.gov](http://fema.gov)



# FEMA

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**From:** Josh Arneson <[jarneson@richmondvt.gov](mailto:jarneson@richmondvt.gov)>  
**Sent:** Friday, November 15, 2024 1:41 PM  
**To:** Johnson, Timothy <[timothy.johnson@fema.dhs.gov](mailto:timothy.johnson@fema.dhs.gov)>  
**Subject:** FEMA Interest Payments

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Tim,

We are considering getting a one year loan from a bank to help pay for expenses related to the 2024 flood. Would interest for this be covered? I think it is covered if a loan is through the Bond Bank, but they don't have a program for emergency loans from the 2024 flood yet, so I wanted to check to see if FEMA covers interest for a loan through a bank.

Thanks,

Josh Arneson (he/him)

Town Manager  
Town of Richmond  
P.O. Box 285  
Richmond, VT 05477  
(802) 434-5170