

THE FOLLOWING MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF SELECMTEN

The Board of Selectmen held a regular meeting Monday, February 5, 2018, in the Council Chamber, Newtown Municipal Center, 3 Primrose Street, Newtown. First Selectman Rosenthal called the meeting to order at 7:30p.m.

PRESENT: First Selectman Daniel C. Rosenthal, Selectman Maureen Crick Owen and Selectman Jeff Capeci.

ALSO PRESENT: Finance Director Robert Tait, Rob Sibley, Christal Preszler, Wes Thompson, Cramer Owen, Chief Viadero, Chuck Boos of Kaestle Boos, Carl Samuelson, Amy Mangold, Bob Mitchell, nine members of the public and two members of the press.

VOTER COMMENTS: none.

ACCEPTANCE OF THE MINUTES: Selectman Crick Owen moved to accept the minutes of 1/29/18. Selectmen Capeci seconded noting he was listed as seconding the motion relative to Health & Welfare on page 2. All in favor of the minutes as amended.

COMMUNICATIONS: First Selectman Rosenthal communicated that S&P re-affirmed Newtown's AAA rating.

FINANCE DIRECTORS REPORT: Mr. Tait went over the S&P ratings report (att.) and an updated 2018-19 revenue estimates document (att.).

OLD BUSINESS:

Discussion and possible action

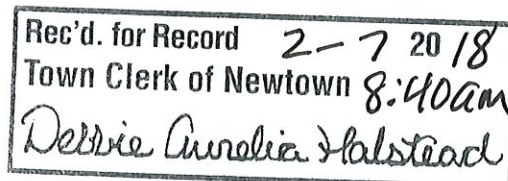
- 1. Board of Selectmen budget FY 2018-2019:** Ms. Mangold and Mr. Samuelson of **Parks & Recreation** were present for the P&R budget. Selectman Crick Owen moved the bottom line P&R budget in the amount of \$2,452,159. Selectman Capeci seconded. Mr. Samuelson explained how the department decides whether to use contractual services or in house staff. All in favor. Selectman Crick Owen asked Mr. Tait about legal expenses. Mr. Tait said the legal account was increased in 2017 to a reasonable amount so there is less reliance on contingency.

First Selectman Rosenthal stated that insurance premiums decreased \$40,000; he suggested adding that to the contingency account. Selectman Crick Owen moved to approve **General Government**, with the exception of Insurance, by reducing Insurance by \$40,000 to \$1,110,500, for a General Government bottom line of \$4,644,136. Selectman Capeci seconded. All in favor.

Selectman Crick Owen moved **Debt Service** in amount of \$8,990,368. Selectman Capeci seconded. All in favor.

Selectman Crick Owen moved **Contingency** in the amount of \$140,000. Selectman Crick Owen withdrew that motion and moved to increase **Contingency** by \$20,000 for a bottom line Contingency amount of \$120,000. Selectman Capeci seconded. All in favor.

Selectman Crick Owen moved the **2018-2019 Board of Selectmen budget** bottom line of \$41,072,967. Selectman Capeci seconded. All in favor.



Mr. Tait reported the effective tax increase will be approximately between 1.45% - 1.5%

The budget can be view online at www.newtown-ct.gov, under the finance tab.

NEW BUSINESS

Discussion and possible action:

1. **Acceptance of Paproski-Castle Hill Farm letter of withdrawal from U.S. Dept. of Agriculture:** (att.) Mr. Sibley was present to explain that the Paproski's want to withdraw the agreement with the U.S Dept. of Agriculture as it was too onerous for what the Paproski's had in mind for the preservation of the farm. Selectman Crick Owen moved to accept the Paproski-Castle Hill Farm letter of withdrawal from the U.S. Dept. of Agriculture. Selectman Capeci seconded. Mr. Sibley stated the Town has received a letter saying the Paproski's have applied with the CT Farmland Trust to protect their farm and will not be proceeding with the Dept. of Agriculture State Program. Mr. Tait reported this has been bonded but the resolution language can be re-worded. All in favor.
2. **Endorsement of an agreement process with Paproski-Castle Hill Farm relative to CT Farmland Trust:** (att.) Kathleen Doherty of CT Farmland Trust stated the goal is to change the terms of the preservation of Castle Hill Farm; the property would still be restricted for agriculture but the terms are friendlier to agritourism. The federal grant round is more competitive this year. CT Farmland Trust would act as the facilitator and the entity applying for grant money; they would contribute staff time and help with survey costs and appraisal costs. Mr. Sibley said this is identical to what the town did in the process to this point in the original agreement. The town commitment would be \$300,000-\$320,000, which would be a reduction to what was proposed originally. Selectman Crick Owen moved to endorse the agreement process with Paproski-Castle Hill Farm relative to CT Farmland Trust. Selectman Capeci seconded. All in favor.
3. **Teton Capital Business Incentive for 37 Church Hill Road:** Mr. Thompson, Ms. Preszler and Mr. Owen and Mr. Donahue of Teton Capital were present to discuss the business incentive. Mr. Donahue explained the proposed project is a 69 unit, 72 bed assisted living community on the corner of Church Hill Road and The Boulevard. He believes it is a great use of the land and will be a benefit for the seniors. It will create 64 full time jobs in addition to construction jobs. Mr. Thompson stated this is an economic benefit to the town with minimum overhead. It is a non-invasive type of development. Selectman Crick Owen moved to approve the business incentive for Teton Capital, 37 Church Hill Road, as recommended by the Economic Development Commission (att.). Selectman Capeci seconded. All in favor.
4. **Police Dept. design firm selection:** Chief Viadero, Mr. Mitchell and Mr. Boos were present to discuss the PD design firm selection. Chief Viadero stated four firms presented proposals. He felt that Kaestle Boos had a team that fits the needs of the project; he was impressed with the ability to create a 360 imaging of the building schematic and the marketing aspect of the project. Mr. Mitchell has worked with Kaestle Boos on prior town projects. He feels they have the right team. They are very good at the concept design level and the programming level which is then converted to a technology level; their projects have no change orders. Public Building & Site strongly endorses Kaestle Boos. Kaestle Boos has police department project experience and have built new, and also, repurposed buildings. Mr. Boos said Kaestle Boos are problem solvers. Selectman Crick Owen moved to retain the services Kaestle Boos for purposes of the design for the police station project. Selectman Capeci seconded. All in favor. Mr. Mitchell noted Kaestle Boos is the architect of record.
5. **Appointments/Reappointments/Vacancies/Openings:** Selectman Crick Owen moved the appointment of Tim Echeverria, Sr. (R) to the Board of Ethics for a term to expire 1/6/22. Selectman Capeci seconded. All in favor.
6. **Driveway Bond Release/Extension:** none.

Board of Selectmen
February 5, 2018

7. **Tax Refunds:** Selectman Crick Owen moved the February 2018 Refunds, Refund 14 2017/18 in the amount of \$30,030.17. Selectman Capeci seconded. All in favor.

VOTER COMMENTS: none.

ANNOUNCEMENTS: First Selectman Rosenthal said he is talking with the head of IT and looking into live streaming the board meetings that are currently recorded.

ADJOURNMENT: Having no further business the regular Board of Selectmen meeting was adjourned at 8:53pm.

Sue Marcinek, Clerk

Attachments: S&P Ratings summary; 2018-2019 Revenue Estimates; Castle Hill letter of withdrawal; CT Farmland Trust endorsement; Teton Capital Business Incentive

RatingsDirect®

Summary:

Newtown, Connecticut; General Obligation

Primary Credit Analyst:

Tiffany Tribbitt, New York (1) 212-438-8218; Tiffany.Tribbitt@spglobal.com

Secondary Contact:

Victor M Medeiros, Boston (1) 617-530-8305; victor.medeiros@spglobal.com

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Related Research

Summary:

Newtown, Connecticut; General Obligation

Credit Profile

US\$13.0 mil GO bnds ser 2018 due 02/15/2038

<i>Long Term Rating</i>	AAA/Stable	New
Newtown GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Newtown GO rfdg		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AAA' rating to Newtown, Conn.'s series 2018 general obligation (GO) bonds and affirmed its 'AAA' rating on the town's existing GO debt. The outlook is stable.

We rate Newtown higher than the U.S. because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario based on its predominantly locally derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. (For more information, see "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013, on RatingsDirect.) In 2017, local property taxes generated 84.2% of general fund revenue, demonstrating a lack of dependence on central government funding.

Newtown's full faith and credit pledge and its agreement to levy ad valorem property taxes without limitation as to rate or amount secure the bonds. Officials intend to use bond proceeds to fund various capital and infrastructure projects in line with the town's capital improvement plan.

The rating reflects our opinion of the following factors for Newtown, specifically its:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with a slight operating surplus in the general fund and an operating surplus at the total governmental fund level in fiscal 2017;
- Strong budgetary flexibility, with an available fund balance in fiscal 2017 of 10.9% of operating expenditures;
- Very strong liquidity, with total government available cash at 17.6% of total governmental fund expenditures and 2.5x governmental debt service, and access to external liquidity we consider strong;
- Very strong debt and contingent liability position, with debt service carrying charges at 7.2% of expenditures and net direct debt that is 54.9% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 70.9% of debt scheduled to be retired in 10 years, but significant medium-term debt plans; and
- Strong institutional framework score.

Very strong economy

We consider Newtown's economy very strong. The town, with an estimated population of 28,950, is located in Fairfield County in the Bridgeport-Stamford-Norwalk, CT, MSA, which we consider to be broad and diverse. The town has a projected per capita effective buying income of 170% of the national level and per capita market value of \$153,536. Overall, the town's market value grew by 1.0% over the past year to \$4.4 billion in 2018. The county unemployment rate was 4.8% in 2016.

Interstate 84 and U.S. routes 6 and 302 traverse Newtown, providing residents access to employment centers in the county and New York City. Most residents commute into other parts of the county and neighboring Westchester County, N.Y., for employment. While the town is largely residential, management is working actively to expand the commercial base. To that end, infrastructure investments including sewer and road improvements allow Newtown to support development in its seven business districts. Recently completed projects include a tractor supply company and several new small businesses and restaurants. In addition, the town has two projects that will provide 240 units of housing approved for development. In the Fairfield Hills business district, officials believe the community and senior center, which they expect to be complete in 2019, will spur additional development. The property tax base is very diverse, with the 10 leading taxpayers accounting for just 3.5% of the total. We understand that there are currently no significant tax appeals management believes will negatively affect the town's finances. We expect federal tax reform could weaken property values in the region somewhat in the near term (see "U.S. Tax Reform: Local Government Issuers In The New York Tristate Region Could Be Stressed," published Dec. 5, 2017, on RatingsDirect for more information). However, given the strength of Newtown's tax base and continued growth, we expect our view of the local economy to remain very strong.

Very strong management

We view the town's management as very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Specifically, the town uses 10 years of historical data to inform conservative revenue and expenditure assumptions and conducts regular budget forecasting to determine whether revenues or expenditures will deviate from their long-term trends. In addition, management regularly monitors budgetary performance, ensuring adjustments happen in a timely manner. Officials receive budget-to-actual reports monthly. Newtown maintains a comprehensive, 10-year financial plan as well as a rolling five-year capital plan with all funding sources identified.

The town has its own formally adopted investment policy and reports holdings and returns to the First Selectman monthly and town council quarterly. Newtown recently reviewed and updated its debt management policy, reducing its debt service limit to 9.0% from 9.8% of general fund expenditure. The policy also sets affordability and refunding targets. Finally, the town's reserve policy calls for an unassigned fund balance of 8%-12% of total general fund expenditures and based on cash flow needs. Management has historically adhered to its debt management and reserve policies.

Strong budgetary performance

Newtown's budgetary performance is strong in our opinion. The town had slight surplus operating results in the general fund of 0.8% of expenditures, and surplus results across all governmental funds of 6.1% in fiscal 2017. General fund operating results have been stable over the past three years, with a result of 0.8% in 2016 and 0.1% in 2015.

Newtown has a long history of surplus results, in part due to its very strong financial management and ability to adapt to fiscal issues. Management attributed the fiscal 2017 results in part to positive variances in tax collections and investment incomes, as well as underspending of expenditures by \$742,000. This helped offset the loss of a portion of Newtown's state aid. We adjust for net transfers out of the general fund, capital outlays, and other nonrecurring expenses in calculating these results.

With fiscal 2018 more than halfway over, management reports the budget is trending well and projections show an overall surplus. This is despite midyear revenue reductions in state aid. Overall, Newtown is managing the forecasting uncertainty from Connecticut's continued fiscal problems by holding estimates below amounts set in the state's biennial budget. Furthermore, during the fiscal 2018 budget process, officials identified up to \$3 million in expenditures that could have been reduced had the cuts been more significant.

The fiscal 2019 budget process is underway and management plans once again to hold state aid estimates below current state projections. The First Selectman's proposed budget includes a modest 2.5% increase over the fiscal 2018 budget. Given Newtown's record of strong financial management and balanced operations, we expect the town will maintain stable operations in the face of ongoing state funding uncertainty. Bolstering this view is that property taxes, which we consider a stable source of revenue, remain the town's primary source of revenue, at 84.2% of general fund revenues in fiscal 2017, whereas intergovernmental revenues accounted for 13.5%. Current tax collection rates are very strong, at 99.2%.

Strong budgetary flexibility

Newtown's budgetary flexibility is strong, in our view, with an available fund balance in fiscal 2017 of 10.9% of operating expenditures, or \$13.3 million.

The town does not use reserves to balance the budget. With a surplus projected for fiscal 2018, we expect reserves to remain strong. Newtown's formal reserve policy, which seeks to maintain general fund balance at no less than 8% of total operating general fund expenditures, further strengthens flexibility. Given this, we expect the town's flexibility to remain strong.

Very strong liquidity

In our opinion, Newtown's liquidity is very strong, with total government available cash at 17.6% of total governmental fund expenditures and 2.5x governmental debt service in 2017. In our view, the town has strong access to external liquidity if necessary.

Newtown has demonstrated strong access to external liquidity through frequent GO debt and note issuance. It includes investments maturing in less than a year in its reported cash and cash equivalents. The town largely invests cash in highly rated money market funds and certificates of deposit. It is not exposed to any variable-rate or privately placed debt.

Very strong debt and contingent liability profile

In our view, Newtown's debt and contingent liability profile is very strong. Total governmental fund debt service is 7.2% of total governmental fund expenditures, and net direct debt is 54.9% of total governmental fund revenue. Overall net debt is low at 1.7% of market value, and approximately 70.9% of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors. We adjusted our view of the town's debt profile to include its significant medium-term debt plans.

Over the next two years, management plans to issue approximately \$25 million of debt for various capital improvements. Given the debt policies the town follows, we do not anticipate debt plans will significantly weaken Newtown's debt profile.

The town's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 1.5% of total governmental fund expenditures in 2017. Newtown made its full annual required pension contribution in 2017.

The town administers two single-employer defined benefit pension plans--the Town of Newtown Employees' Pension Plan and the Town of Newtown Police Officers Pension Plan, referred to collectively as the town plan. The plan fiduciary net position as a percentage of the total pension liability was 70.48% as of June 30, 2017. Newtown's net pension liability was approximately \$16.5 million as of June 30, 2016. The town contributes 100% of its actuarial determined contribution, and has updated plan assumptions to what we view as more conservative assumptions including lowering the discount rate to 7.0% from 7.5% and changing the calculation method from projected unit of credit to entry age normal.

Newtown also offers other postemployment benefits (OPEB) to some of its retirees in the form of a health care plan. Eligible retirees receive benefits until Medicare age. The town contributes \$200,000 to its OPEB trust in addition to its annual retiree medical costs. As of June 30, 2017, Newtown had a net OPEB liability of \$6.6 million and a funded ratio of 24.05%. Given the town's demonstrated commitment to funding these long-term liabilities, we do not view these obligations as a source of credit stress.

Strong institutional framework

The institutional framework score for Connecticut municipalities is strong.

Outlook

The stable outlook reflects our view that Newtown's very strong underlying economy and management should ensure continued strong budgetary performance and operating flexibility. In addition, we anticipate the town will be able to weather any fiscal pressures that state budget decisions cause. For these reasons, we do not expect to lower the rating in the next two years. However, if Newtown were to experience budgetary pressure that resulted in negative operations and significantly deteriorated available reserves, we could lower the rating.

Related Research

- 2017 Update Of Institutional Framework For U.S. Local Governments

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

2018-19 Revenue Estimates

REVENUE TYPE / ACCOUNT	2015 - 2016 ACTUAL	2016 - 2017 ACTUAL	2017 - 2018 ADOPTED BUDGET	2017 - 2018 AMENDED BUDGET	2017 - 2018 12/31 ACTUAL	2018 - 2019 REVENUE ESTIMATES A	Increase / (Decrease) A - B	Percent Change
<u>PROPERTY TAXES</u>								
CURRENT YEAR TAXES	99,215,491	101,138,735	103,010,767	103,010,767	56,301,262	105,525,739	2,514,972	2.4%
PRIOR YEAR TAXES	608,925	439,379	475,000	475,000	289,110	475,000	-	0.0%
INTEREST AND LIEN FEES	441,109	401,946	450,000	450,000	139,694	425,000	(25,000)	-5.6%
SUPPLEMENTAL MOTOR VEHICLE TAXES	912,243	1,057,900	900,000	900,000	-	1,100,000	200,000	22.2%
TELECOMIM. PROPERTY TAX	58,499	60,864	65,000	65,000	-	60,000	(5,000)	-7.7%
	101,236,267	103,098,824	104,900,767	104,900,767	56,730,066	107,585,739	2,684,972	2.6%
<u>INTERGOVERNMENTAL</u>								
ELD. TAX RELIEF - CIRCUIT BR.	151,508	144,371	107,000	-	-	-	-	0.0%
IN LIEU OF TAX-ST OWNED PROP	717,919	733,247	547,350	417,704	417,704	417,704	-	0.0%
VETERANS ADD'L EXEM	18,949	18,888	19,000	19,000	-	20,163	1,163	6.1%
TOTALLY DISABLED	1,948	1,767	1,947	1,947	-	1,753	(194)	-10.0%
TOWN AID FOR ROADS	469,996	470,708	470,708	470,708	235,433	470,865	157	0.0%
MASHANTUCKET PEQUOT	967,137	911,124	903,200	903,200	-	829,098	(74,102)	-8.2%
CT SCHOOL BUILDING GRANTS	533,605	92,422	89,474	89,474	5,041	85,225	(4,249)	-4.7%
MISCELLANEOUS STATE / FEDERAL GRANTS	144,916	29,868	50,000	50,000	7,836	50,000	-	0.0%
LOCIP GRANTS	207,668	-	380,724	380,724	-	240,865	(139,859)	-36.7%
GRANTS FOR MUNICIPAL PROJECTS	235,371	235,371	235,371	235,371	-	235,371	-	0.0%
MUNICIPAL REVENUE SHARING	-	572,949	824,747	304,962	304,962	257,863	(47,099)	-15.4%
EDUCATION COST SHARING GRANT	4,787,409	4,949,568	2,138,725	3,691,266	1,060,899	3,956,332	265,066	7.2%
PUBLIC SCHOOL TRANSPORT	84,121	-	-	-	-	-	-	-
NON-PUB SCHOOL TRANSPORT	15,086	-	-	-	-	-	-	-
HEALTH SERVICES - ST. ROSE	22,148	21,300	22,170	22,170	-	22,170	-	0.0%
	8,357,781	8,181,583	5,555,045	6,586,526	2,031,875	6,587,409	883	0.0%

All 2017-18 (current year) revenue estimates equal the governor's proposed amounts except for ECS grant. Governor's ECS amount = \$4,243,596 which is \$552,330 greater. This will off set the loss in current year taxes due to the motor vehicle cap.

All 2018-19 revenue estimates equal the governor's proposed amounts except for ECS grant. Governor's ECS amount = \$4,251,588 which is \$295,256 greater. This will represent a small cushion for further cuts to municipal state aid.

REVENUE TYPE / ACCOUNT

CHARGES FOR SERVICES

	2015 - 2016 ACTUAL	2016 - 2017 ACTUAL	2017 - 2018 ADOPTED BUDGET	2017 - 2018 AMENDED BUDGET	2017 - 2018 12/31 ACTUAL	2018 - 2019 REVENUE ESTIMATES A	Increase / (Decrease) A - B	Percent Change
SENIOR CTR MEMBER FEES	5,256	8,230	5,250	5,250	3,860	8,000	2,750	52.4%
TOWN CLERK CONVEYANCE	467,921	536,931	500,000	500,000	235,231	500,000	-	0.0%
TOWN CLERK - OTHER	215,700	258,285	225,000	225,000	103,191	225,000	-	0.0%
WATER/SEWER CHARGES FOR SERVICES	120,000	120,000	120,000	120,000	-	125,000	5,000	4.2%
PARKS AND RECREATION	207,867	242,248	210,000	210,000	55,988	225,000	15,000	7.1%
TUITION	29,775	88,016	30,800	30,800	18,258	30,800	-	0.0%
SCHOOL ACTIVITY FEES	105,751	105,450	105,170	105,170	35,370	24,000	(81,170)	-77.2%
BUILDING	477,851	388,057	450,000	450,000	213,322	450,000	-	0.0%
PERMIT FEES	1,230	1,575	1,250	1,250	1,125	1,250	-	0.0%
TRANSFER STATION FEES	378,897	429,271	450,000	450,000	206,880	450,000	-	0.0%
LAND USE	56,628	49,737	50,000	50,000	23,471	50,000	-	0.0%
	2,066,876	2,227,800	2,147,470	2,147,470	896,696	2,089,050	(58,420)	-2.7%

INVESTMENT INCOME

INTEREST ON INVESTMENTS	327,598	248,869	400,000	400,000	234,036	450,000	50,000	12.5%
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OTHER REVENUES

POLICE MISC REVENUE	63,800	31,438	15,000	15,000	16,820	30,000	15,000	100.0%
MISCELLANEOUS REVENUE	145,221	286,705	200,000	200,000	60,247	200,000	-	0.0%
MISCELLANEOUS REVENUE BOE	11,510	4,452	2,250	2,250	9,969	5,000	2,750	122.2%
	220,531	322,595	217,250	217,250	87,036	235,000	17,750	8.2%

OTHER FINANCING SOURCES

TRANSFER IN	225,000	225,000	175,000	175,000	-	200,000	25,000	14.3%
OTHER	9,370	-	-	-	-	-	-	-

TOTAL REVENUES & OTHER FINANCING SOURCES

	112,443,423	114,304,671	113,395,532	114,427,013	59,979,709	117,147,198	2,720,185	2.4%
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COOPER, WHITNEY & FRANÇOIS · ATTORNEYS
51 ELM STREET, NEW HAVEN, CONNECTICUT 06510-2049
TELEPHONE (203) 865-7380 TELECOPIER (203) 865-1021

PETER B. COOPER
JAMES C. WHITNEY
LINDA P. FRANÇOIS

January 30, 2018

Rob Sibley
Deputy Director of Planning, Land Use and Emergency Management
Town of Newtown
3 Primrose St.
Newtown CT 06470

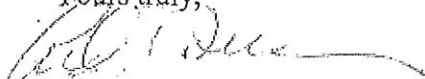
RE: Preservation of Castle Hill Farm, Newtown

Dear Mr. Sibley:

This is to confirm that Stephen and Diana Paproski have decided to apply to protect their farm through the Connecticut Farmland Trust, Inc. utilizing the U.S. Department of Agriculture Natural Resources Conservation Service Agricultural Conservation Easement Program (ACEP-ALE), and will not be proceeding through the Department of Agriculture Purchase of Development Rights Program for the ACEP-ALE Program.

Please let me know if there is further information you require.

Yours truly,



Linda P. Francois

Cc: Diana and Stephen Paproski
Elisabeth Moore, Executive Director, Connecticut Farmland Trust, Inc.

January 29, 2018

Stephen J. Paproski & Gloria Mary Paproski Horbaty
40 Sugar Lane
Newtown, CT 06470

Dear Mr. Paproski and Ms. Paproski Horbaty:

Connecticut Farmland Trust ("CFT"), a statewide non-profit conservation organization dedicated to preserving Connecticut's working farmland, and the Town of Newtown ("the Town") are pleased to offer to purchase an agricultural conservation easement on 30.8± acres of your farm located on Sugar Lane in Newtown, Connecticut (the "Property"), under the following terms and conditions:

- | | |
|-----------------|--|
| PURCHASE PRICE: | The purchase price for a conservation easement is not to exceed \$620,000. |
| EASEMENT TERMS: | Use of the Property shall be restricted to agriculture and agriculturally compatible uses. Specific terms of the easement shall be negotiated between you, CFT, and the Town, with the aim of permanently protecting the land for agricultural use and preserving the soil resource. |
| CONTINGENCIES: | <p>The purchase price is contingent on a new appraisal to be secured by CFT based upon the new configuration. CFT can not offer more than 100% of the appraised value of the conservation easement.</p> <p>The purchase is contingent upon CFT securing adequate funding from the Natural Resources Conservation Service (NRCS) and the Town; NRCS approval of the agricultural conservation easement appraisal; Town approval of a new bonding resolution; and CFT Board of Directors approval of the purchase.</p> |
| CLOSING: | Expected by December 30, 2019 |

If this offer is acceptable to you, please so signify by signing below and return to CFT by February 7, 2018. Please retain an original for your files and return one to us.

We look forward to hearing from you.

For Connecticut Farmland Trust:

Elisabeth Moore
Executive Director

Stephen J. Paproski

For the Town of Newtown:

Daniel C. Rosenthal
First Selectman

Gloria Mary Paproski Horbaty

Castle Hill Farm Boundary Map



Legend

 Easement Area

1:5,000

0 250 500 1,000 Feet



Data sources: CT DEEP Ortho Images (Spring 2016); CT DEEP Connecticut Parcels for Protected Open Space Mapping (August 2010)
Created by: Kathleen Doherty, CFT (January 23, 2018)

Note: The Protected Property boundary line depicted is for general reference – the measurements are not to scale. The Property Description in the Conservation Restriction should be used to locate the precise easement boundary.

NEWTOWN MUNICIPAL CENTER
3 PRIMROSE STREET
NEWTOWN, CONNECTICUT 06470
TEL: (203) 270-4271
FAX: (203) 270-4278
EMAIL: edc@newtown.org
www.newtown.org



WES THOMPSON
CHAIRMAN

CRAMER OWEN
VICE CHAIRMAN

MEMORANDUM

To: Daniel Rosenthal, First Selectman
From: Wes Thompson and Cramer Owen,
Chairman and Vice Chairman, Economic Development Commission
Date: January 26, 2017

Re: Teton Capital Business Incentive for 37 Church Hill Road

At its January 24, 2018 special meeting, the Economic Development Commission voted to recommend that the Town of Newtown enter into an agreement with Teton Capital Co. LLC to fix 56.25 percent of the increase in assessment of the real property located at 37 Church Hill Road for a period of not more than three years. This conforms with the Newtown Business Incentive Program provided that the cost of such improvements to be constructed are no less than \$3 million and the assessed personal property is greater than \$500K. This recommendation is pursuant to Section 12-65b(a)(1) of the Connecticut General Statutes.

Teton Capital proposes to construct an assisted living facility at this address. They have not purchased the property and have not made a final decision as to which town they will locate the business. The commission recognizes that this is a competitive situation and other towns are being considered. The decision to locate this facility at 37 Church Hill Rd was based partly on an expectation for tax consideration. Nearby towns have done so in the past recognizing the attractiveness of exceptional tax revenue with low town services overhead. It is expected to bring long term economic benefits to Newtown for both residents and other businesses. Such benefits include development of a vacant lot, incremental services for residents and new job creation (64). Also spin off economic benefits such as increased spending at nearby local businesses. Traffic will be minimal due to the nature of the business. Increased property values are also likely to occur in neighboring areas as this section of town grows.

The fixing of the real property assessment will not reduce the amount of taxes currently paid on the site. It will modify and slow the increase in the assessment for a set time period while the new business gets started. Terms will encourage a rapid buildout. Our existing water and sewer system will receive incremental benefit assessment revenue to help pay for our bonded investment for this section of town. Additional revenue for building permits and new tax revenue will flow to Newtown and the Borough.

The 2017 assessed value of the property is \$269,270. After an investment of \$16M and at project completion it is estimated to be \$10,000,000. Annual tax revenue, after modification, will increase from \$9,120 to \$153,311 and later to \$338,700. Additional tax revenue from the personal property and equipment is expected as well. This factor has been incorporated into the attached analysis.

The application for the Business Incentive Program (attached) outlines the expected investment for this \$16M plus project and the subsequent requested tax incentive.

rec'd 9/28/17

**Town of Newtown
Business Incentive Program Application**

Negotiations of Business Incentives will be conducted by the First Selectman. The findings and conclusions of the First Selectman will be submitted to the Board of Selectmen for acceptance or denial. Board approved applications will be forwarded to the Finance Board and Legislative Council for consideration and action.

Name of Company: Teton Capital Co., LLC

Address: 3 Cherry Lane - Old Greenwich, CT 06870

Company Contact: William Donohue, Managing Member

Phone Number: 917-971-2405

Types of Products Manufactured or Distributed: Development and operation of licensed assisted living community providing housing, healthcare and personal care services for frail elderly and those afflicted with Alzheimer's disease or other form of dementia.

Project Description: Church Hill Village is a to-be-constructed assemblage of 12 inter-connected structures, including 8 residential living neighborhoods and 4 common area buildings comprising 69 units/72 beds and approx. 66,000 square feet of gross floor area on an approx. 4 acre site.

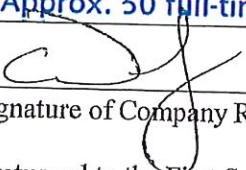
Estimated Cost of Proposed Improvements: Approx. \$15 million
(Attach itemized list of these costs and improvements)

Number of Jobs To Be Retained in Newtown: _____

Number of Jobs To Be Created: Approx. 50 full-time employees

Sept. 24, 2017

Date


Signature of Company Representative

Completed applications should be returned to the First Selectman's Office or the office of the Director of Economic and Community Development.

Address	2017 Real Property Assessment (based on 2017 reval)	Existing Real Property Tax Bill (33.87 mills)	Estimated Investment	Assumed Real Property Assessment (After all Improvements are Completed)	Increase in RE Assessment (Existing vs. Post Improvements)	Assumed Real Property Tax Bill on New Assessment (33.87 mills)
37 Church Hill Road	\$269,270	\$9,120	\$16,000,000	*	\$9,730,730	\$338,700
Total	\$269,270	\$9,120				
*Project Description: 72 beds, 50-60 employees, 66,000 sq ft Assisted living facility, 12 buildings?						
Current:						
acres	3.97					
zoned	P-1			Scenario for Fixing the Assessment		
				45% abatement on RE taxes * 1.25 personal property multiplier = 56.25%		Annual Real Property Tax Due if 56.25% of the Increase in Assessment is fixed
Personal Property estimated to be greater \$500,000/year						
				TAX PAYMENT IF ASSESSMENT IS FIXED (56.25%)		\$153,311
\$16,935 personal property				ANNUAL TAX ABATEMENT		\$185,389
						3 years
				Taxes Paid		\$459,934
				Total Abatement:		\$556,166
Assisted Living Services Agency Facilities added to BIP 11/21/17						
Approvals for the Business Incentives must be given by the EDC (date voted), Board of Selectmen (date voted), Board of Finance (date voted) and the Legislative Council (date voted)						
Assumptions: No increase in Mill Rate over 3 year period						

Newtown Municipal Center
3 Primrose Street
Newtown, CT
www.newtown.org



SPECIAL MEETING MINUTES

January 24, 2018

Meeting Room 3 - 7:00pm

Present:

Wes Thompson, Cramer Owen (phone), Bob Rau, Matthew Mihalcik, Nick Roussas, Steve Gogliettino, Amy Dent, Scott Orlando, Al Roznicki, Dan Rosenthal (arrived 7:04), Christal Preszler – Deputy Director Economic and Community Development, Kim Chiappetta – Economic and Community Development & Fairfield Hills Coordinator (clerk).

Public Participation: None

Absent: Dana Trado

The meeting was called to order at 7:01 p.m.

Business Incentive Program – Application for 37 Church Hill Rd:

Amy Dent moved to reopen the tabled discussion regarding the Church Hill Village business tax incentive application. Matt seconded.

Wes Thompson began by noting that members heard the Teton Capital's proposal of aggressive incentives in the last meeting (Tuesday, January 16, 2018) and that he believed everyone agreed in concept with the proposal and project, but tabled the discussion to think about it further. He added that he believed all members agree on the value add to town. In the past week Christal and Wes met with town leaders and the developer to better understand inhibitors and competitive issues. The town is still at a disadvantage due to the mill rate in comparison to surrounding towns. Also, the Borough has an additional tax. There are sewer connection fees for the project which are necessary and slightly higher because the sewer is newer. Another potential inhibitor is overlapping permit fees; both the town and the Borough charge permit fees which are significant. Wes recognized First Selectman, Dan Rosenthal, joined the meeting and quickly summarized what was said prior to his arrival. Wes continued that he believes the town is at disadvantage financially so the incentive would level the playing field. Over the weekend he reviewed on-line tax bills of existing businesses, and determined that the assisted living facility is one of the best types of buildings in terms of tax revenue, low traffic, and no added children so there is no burden on school system. Wes reminded members that the developer is investing \$16 million on the project. The current tax on the property is around \$9,000 which would be increased to an estimated \$338,700. Based upon the proposed investment and the current program, the project qualifies for a 45% incentive over 3 years with a 1.25% multiplier on personal property as the personal property will be over \$500,000. This would give a tax incentive of 56.25% which would deliver



after development an estimated \$153,311 per year (for 3 years) in comparison to the current tax of \$9,000 per year. Wes then opened the discussion to the group.

Matt Mihalcik felt his original proposal at the 80% discount was aggressive and would set a precedent that may not want to be set. Wes informed the group that he explained to the developer that aggressive incentives have been awarded in the past but were for empty buildings or blighted properties. Matt asked if there was anything stopping another town from awarding the developer the incentive he presented in the prior meeting, and Wes responded that the state allows incentive up to 7 years at 100%. Mr. Rosenthal noted that another town had been approached by the developer. Wes reminded members that other locations would loan to more units. Amy asked if there was any way to negotiate with the Borough to drop their building permit for this project. Mr. Rosenthal informed members that he directed the developer to discuss the permit with the Borough. Wes also offered to join him at the Borough meeting. Matt asked if anything can be done on the sewer side. Wes explained that the sewer is fairly new and that it is the responsibility of the Water and Sewer Authority to recover previously bonded costs. He has also informed the developer that he can address the Water and Sewer Authority directly. In the past they have made accommodations regarding the speed at which the fee was recovered.

Amy asked if the EDC is considered ombudsman in development, why the EDC wasn't also speaking with these two entities. She also asked if there was a way to extend the incentive to year 0 making it 6 years so he can recoup excess costs up front with regards to the building permits. Mr. Rosenthal answered that he spoke with the developer earlier in the day and found he is now amenable with working within the established plan. He will continue to pursue the permit fee with the Borough, but is willing to work with the existing schedule.

Wes confirmed there are no conceptual objections and that the incentive is beneficial as this is a competitive situation and the future benefit to taxes. He reiterated the incentive percentages to the group, and explained that other towns also require a CO in order for the incentive to begin. The group had a brief discussion regarding the incentive and the time at which the incentive begins.

Wes asked for a motion to offer Teton Capital Co LLC the standard incentive (based on their proposed investment at 37 Church Hill Rd) of 45% abatement on RE taxes with a 1.25% personal property multiplier resulting in 56.25% abatement for 3 years. Amy Dent motioned. Matt Mihalcik second. All voted in favor. The motion was approved.

Adjournment:

The meeting was adjourned by Matt Mihalcik at 7:20 pm and was seconded by Amy Dent.

