

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

The Board of Selectmen held a regular meeting Monday, June 24, 2019, 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, Margot Hall and one member of the press.

VOTER COMMENTS: none.

ACCEPTANCE OF THE MINUTES: Selectman Crick Owen moved to accept the minutes of the regular meeting of 06/11/19. Selectman Capeci seconded noting that under the Road Work Presentation Mile Hill South and half of Mt. Nebo paving is carried over from 2018 as well as Washington, Crestwood and a small piece of Riverside. All in favor of the minutes as amended.

COMMUNICATIONS: none.

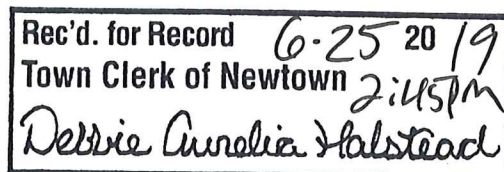
FINANCE DIRECTORS REPORT: Mr. Tait shared the annual comment from Moody's (att.). Aa1 is one step below Aaa. Pension liability could put Newtown in the Aaa rating. The process of going through the next CIP, looking at the 10 year forecast and making sure the debt is manageable has to continue. First Selectman Rosenthal does not anticipate adding anything to the CIP. The Board of Finance will be reviewing the fund balance policy. The fund balance stops at 12%; going toward 15%, slowly, as a long term goal, is reasonable. CT doesn't have county government; CT does support the education budget. Mr. Tait will find out the median number for CT municipalities but stated it is closer to 15%. According to Moody's fund balance and debt service keeps the town from Aaa.

NEW BUSINESS

Discussion and possible action:

1. Newtown Bike & Trails Committee Grant Application Letter of Support: The committee is motivated and have been doing a great job developing the trail system. First Selectman Rosenthal attended a Save Al's Trail project. Many volunteers were cutting and grading the trail as well as creating foot bridges over the stream. The committee is actively identifying grants. The subject grant is through the Dept. of the Interior, requiring no cash out on the part of the Town. Selectman Crick Owen noted that, when talking about Fairfield Hills, the Community Center is mentioned but not the Senior Center; she suggested that be added to the language. First Selectman Rosenthal said that the committee will reach out to other parties as well, for letters of support. Selectman Crick Owen moved to endorse the grant for the Newtown Bike & Trails Committee and authorized the First Selectman to sign a letter of support on behalf of the Board of Selectman. Selectman Capeci seconded. All in favor.

2. License Agreement between Town of Newtown and Newtown Savings Bank – Edmond Town Hall Parking Lot Stairs: Newtown Savings Bank utilizes the lower lot for overflow parking for employees. The bank built stairs with rails; the building inspector verified everything was constructed appropriately. The agreement outlines the plowing and maintenance responsibility on the part of the bank. The agreement has been reviewed by the bank. Selectman Crick Owen moved to approve the license agreement between the Town of Newtown and Newtown Savings Bank relative to the staircase in the lower level Edmond Town Hall parking lot (att.). Selectman Capeci seconded. Selectman Crick



Owen questioned repair and replacement. First Selectman Rosenthal believes it falls under ordinary maintenance but he will clarify with the Town Attorney. There is no competition between business hours, the bank and use of the parking lot. Ms. Hall stated the Edmond Town Hall is appreciative of the neighboring bank and added the repair and maintenance responsibility needs to be clearly noted. All in favor.

3. Town Hall Union Contract: Selectman Crick Owen moved to approve the union contract between the Town of Newtown and the Newtown Town Hall Employees, CSEA, Local 2001 SEIU for the period dated July 1, 2019 to June 30, 2023. Selectman Capeci seconded. First Selectman noted that some job descriptions were aligned with compensation. The contract is extended from three years to four years. Annual increases are in line with other union contracts. The defined benefit pension plan for all new hires, was removed, which will effectively close off the defined benefit pension. The language in the contract was clarified. Selectman Capeci questioned article 8.06, why some positions receive two times the regular rate of pay on certain holidays, while other positions are compensated at twice the regular rate of pay on all holidays. First Selectman Rosenthal said that the Town Hall union contract does not align perfectly with some of the others. Tim Whelan, Joe Tani and John Moore are in the Town Hall contract. Selectman Capeci thinks the language should specify all other holidays are paid at time and a half. First Selectman Rosenthal will clarify the language. Selectman Capeci suggested instead of 'town holiday' the language should read 'town holidays referred to in article 10'. Selectman Capeci believes the high deductible health care plan is a win/win for both the employer and the employee; it gives more transparency on how much health care actually costs. All in favor.

4. Appointments/Reappointments/Vacancies/Openings: none.

5. Driveway Bond Release/Extension: Selectman Crick Owen moved to approve the driveway bond release for Claris Construction, 75 Church Hill Road, M27, B7, L2, in the amount of \$1,000. Selectman Capeci seconded. All in favor. Selectman Crick Owen moved to approve the driveway bond release for Ryan & Kristen Mesinger, Bentagrass Lane, M30, B1, L13, in the amount of \$1,000. Selectman Capeci seconded. All in favor.

7. Tax Refunds: Selectman Crick Owen moved the June 24, 2019, 2018/19 Refund #20 in the amount of \$5,196.08. Selectman Capeci seconded. All in favor.

VOTER COMMENTS: none.

ANNOUNCEMENTS: Paving of the Community Center parking lot has begun; the building is on track for substantial completion. There will be a ribbon cutting on July 19; the building will be open to the public on July 22. A more robust Grand Opening will be in October. Newtown Day is July 27, at Fairfield Hills.

ADJOURNMENT: Having no further business the regular Board of Selectmen meeting adjourned at 7:16p.m.

Att: Moody's Report, TON/NSB License Agreement;

Respectfully submitted,
Sue Marcinek, Clerk

MOODY'S

INVESTORS SERVICE

ISSUER COMMENT

21 June 2019

RATING

General Obligation (or GO Related)¹

Aa1

No Outlook

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CLIENT SERVICES

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Town of Newtown, CT

Annual Comment on Newtown

Issuer Profile

The Town of Newtown is located in Fairfield County in southwestern Connecticut, approximately 20 miles northwest of New Haven and five miles east of Danbury. The county has a population of 947,328 and a high population density of 1,514 people per square mile. The county's median family income is \$109,946 (1st quartile) and the April 2019 unemployment rate was 3.1% (3rd quartile)². The largest industry sectors that drive the local economy are finance/insurance, health services, and retail trade.

Credit Overview

The credit position for Newtown is very strong, and its Aa1 rating is above the US cities median of Aa3. Key credit factors include a very strong wealth and income profile, a sizable tax base and an exceptionally low pension liability. Additional factors include a manageable debt burden and a healthy financial position.

Economy and Tax Base: The economy and tax base of the town are exceptionally healthy overall and are slightly favorable when compared to its Aa1 rating. The median family income equals a robust 199.6% of the US level. Moreover, the full value per capita (\$164,186) is materially above other Moody's-rated cities nationwide, and increased between 2014 and 2018. Lastly, Newtown's total full value (\$4.6 billion) exceeds the US median.

Debt and Pensions: The pension liability of the town is negligible and is slightly favorable with respect to the assigned rating of Aa1. The Moody's-adjusted net pension liability to operating revenues (0.34x) favorably is materially below the US median, and was flat from 2014 to 2018. On the contrary, Newtown has an affordable debt burden and is a weakness relative to the town's Aa1 rating. The net direct debt to full value (1.6%) slightly exceeds the US median.

Finances: Overall, the financial position of Newtown is strong and is largely aligned in comparison to the assigned rating of Aa1. Connecticut local governments tend to have financial ratios lower than US medians because they generally derive a majority of revenues from stable property taxes and their financials typically incorporate school operations which are predictable. As such, the cash balance as a percent of operating revenues (30.8%) falls just short of the US median, but increased materially between 2014 and 2018. Similarly, the fund balance as a percent of operating revenues (11.3%) is much lower than other Moody's-rated cities nationwide.

Management and Governance: Connecticut cities have an Institutional Framework score³ of Aa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Connecticut cities'

major revenue source, property taxes, is not subject to any caps. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. Connecticut has public sector unions and additional constraints, which limit the ability to cut expenditures. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

Sector Trends - Connecticut Cities

While Connecticut cities have generally benefited from stable tax bases, populations are aging and new development is challenged by the high cost of living and doing business. Positively, resident wealth and income levels are high. Median financial reserves are smaller than the national median, which represents a pressure for cities in light of state funding uncertainty. Due to the state's biennium budget process, cities are able to plan for cuts in fiscal 2019, although additional cuts could be implemented at any time. Property tax revenues, the primary revenue source, will continue to rise slowly due to stabilizing real estate markets and absence of a cap on local government levies.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

EXHIBIT 1

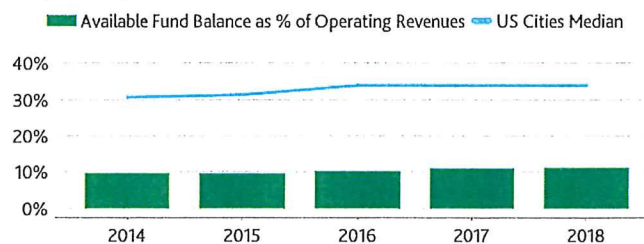
Key Indicators 45 Newtown

| | 2014 | 2015 | 2016 | 2017 | 2018 | US Median | Credit Trend |
|---|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Economy / Tax Base | | | | | | | |
| Total Full Value | \$4,339M | \$4,617M | \$4,558M | \$4,507M | \$4,595M | \$1,867M | Improved |
| Full Value Per Capita | \$155,213 | \$164,847 | \$162,859 | \$160,804 | \$164,186 | \$89,200 | Improved |
| Median Family Income (% of US Median) | 201% | 203% | 199% | 200% | 200% | 113% | Stable |
| Finances | | | | | | | |
| Available Fund Balance as % of Operating Revenues | 9.7% | 9.6% | 10.3% | 11.0% | 11.3% | 33.9% | Stable |
| Net Cash Balance as % of Operating Revenues | 20.0% | 24.3% | 17.3% | 24.3% | 30.8% | 36.9% | Improved |
| Debt / Pensions | | | | | | | |
| Net Direct Debt / Full Value | 1.8% | 1.5% | 1.6% | 1.5% | 1.6% | 1.1% | Stable |
| Net Direct Debt / Operating Revenues | 0.64x | 0.57x | 0.59x | 0.57x | 0.61x | 0.88x | Stable |
| Moody's-adjusted Net Pension Liability (3-yr average) to Full Value | 0.4% | 0.4% | 0.6% | 0.8% | 0.9% | 1.8% | Stable |
| Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues | 0.16x | 0.17x | 0.23x | 0.30x | 0.34x | 1.51x | Stable |
| | 2014 | 2015 | 2016 | 2017 | 2018 | US Median | |
| Debt and Financial Data | | | | | | | |
| Population | 27,960 | 28,012 | 27,990 | 28,030 | 27,990 | N/A | |
| Available Fund Balance (\$000s) | \$11,584 | \$11,373 | \$12,398 | \$13,521 | \$13,974 | \$7,419 | |
| Net Cash Balance (\$000s) | \$23,898 | \$28,767 | \$20,870 | \$29,807 | \$38,255 | \$8,404 | |
| Operating Revenues (\$000s) | \$119,503 | \$118,589 | \$120,298 | \$122,555 | \$124,185 | \$21,930 | |
| Net Direct Debt (\$000s) | \$76,892 | \$67,545 | \$71,361 | \$69,397 | \$75,553 | \$18,580 | |
| Moody's Adjusted Net Pension Liability (3-yr average) (\$000s) | \$19,091 | \$20,602 | \$28,253 | \$36,894 | \$42,342 | \$32,507 | |

Source: Moody's Investors Service

EXHIBIT 2

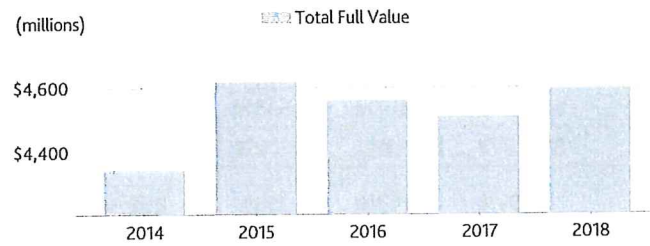
Available fund balance as a percent of operating revenues increased from 2014 to 2018



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

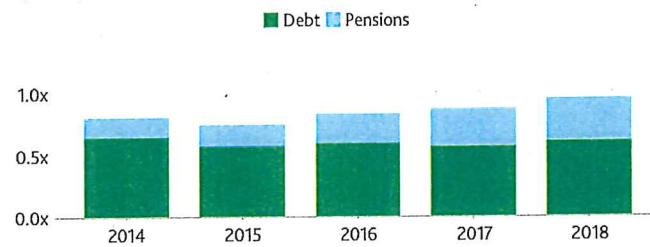
Full value of the property tax base increased from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues increased from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes

- ¹ The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.
- ² The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.

The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.
- ³ The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(December 2016\)](#) methodology report for more details.
- ⁴ For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). Metrics represented as N/A indicate the data were not available at the time of publication.
- ⁵ The medians come from our most recently published local government medians report, [Medians - Property values key to stability, but pension burdens remain a challenge \(March 2018\)](#) which is available on Moodys.com. The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

LICENSE AGREEMENT

This Agreement, made by and between the **TOWN OF NEWTOWN**, a Connecticut Municipal Corporation, acting herein by Daniel Rosenthal, its Selectman, duly authorized (hereinafter referred to as "Licensor") and **NEWTOWN SAVINGS BANK**, a Connecticut corporation with an office and place of business in Newtown, Connecticut, acting herein by _____, Its _____, duly authorized (hereinafter referred to as "Licensee").

WITNESSETH: That the Licensor has licensed and does hereby license to the said Licensee that certain staircase (as shown on the map and plan, attached hereto and made a part hereof), herein referenced as "Licensed Space", which traverses the area between the lower parking lot and the upper parking lot located behind the Edmond Town Hall on Main Street in Newtown, Connecticut, for a term of one year commencing on _____, 2019 and ending on _____, 2020. Provided, however, said License shall automatically renew yearly thereafter, unless terminated by either party upon thirty (30) days written notice.

The fee for this License shall be ONE (\$1.00) DOLLAR per year to be paid by Licensee to Licensor. Furthermore, Licensee shall be responsible for ordinary maintenance of Licensed Space and shall further be responsible for snow removal on an as needed basis.

This License shall be for the non-exclusive benefit of the business employees and customers of Licensee.

AND THE SAID LICENSOR covenants with the said Licensee that it has good right to license said premises in manner aforesaid, and that it will suffer and permit said Licensee (keeping all the covenants on its part, as hereinafter contained) to occupy, possess and enjoy the Licensed Space during the term aforesaid. Licensee has inspected the Licensed Space and accepts the same in an "as is" condition with no representations or warranties by Licensor. The parties expressly acknowledge and agree that this License Agreement is not a lease, and that it does not create or convey to the Licensee any interest in the Licensed Space. Licensee will be entitled to use the Licensed Space solely for the purposes herein provided for the term stated herein.

AND THE SAID LICENSEE covenants with the said Licensor to use said premises and to pay the Licensor therefore as aforesaid, that it will commit no waste, nor suffer the same to be committed thereon, nor injure nor misuse the same; and also that it will not assign this license nor a part thereon, nor make alterations thereon, nor use the same for any purpose but that hereinbefore authorized, without written permission from said Licensor but will deliver up the same at the expiration or sooner determination of its use in as good condition as they are now in, ordinary wear, fire and other unavoidable casualties excepted.

PROVIDED, HOWEVER, and it is further agreed that if the said Licensee shall assign this License, or otherwise dispose of the whole or any part of said licensed premises, or use the same for any purpose but that hereinbefore authorized or make any alteration therein without the consent of the Licensor in writing, or shall commit waste or suffer the same to be committed on said premises, or injure or misuse the same, then this License shall thereupon, by virtue of this express stipulation herein expire and terminate, and the Licensor may, at any time thereafter, recover possession thereof in the manner prescribed by the law; and no re-entry for condition broken, as at common law, shall be necessary to enable the Licensor to recover such possession pursuant to said law, but that all right to any such demand, or any such re-entry is hereby expressly waived by the said Licensee.

Licensee shall hold Licensor harmless from all claims, liabilities (statutory or otherwise), suits, demands, judgments, costs, interest and expense (including but not limited to reasonable attorney's fees and disbursement for bodily injury) and for property damage which may arise due to Licensee's negligence or willful misconduct or any condition created by or on behalf of Licensee on or about any portion of the Licensed Premises. In case any action or proceeding is brought against Licensor by reason of any one or more thereof, Licensee shall pay costs, reasonable attorney's fees, expenses and liabilities resulting therefrom and resist such action or proceeding at Licensee's expense by attorneys chosen by Licensee and reasonably satisfactory to Licensor.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, and to a duplicate of the same tenor and date, this _____ day of _____, 2019.

Signed, sealed and delivered
in presence of

TOWN OF NEWTOWN

By _____ L.S.
Daniel C. Rosenthal, Its Selectman
Duly Authorized

NEWTOWN SAVINGS BANK

By _____ L.S.
_____, Its
Duly Authorized