

**Town of Newtown Legislative Council Regular Meeting  
Wednesday, January 18, 2012  
3 Primrose Street, Newtown, CT**

**PRESENT:** Mary Ann Jacob, Paul Lundquist, George Ferguson, Bob Merola, Joseph Girgasky, Daniel Honan, Kathy Fetchick, Dan Wiedemann, Dan Amaral, Mitch Bolinsky, Phillip Carroll    **ABSENT:** Jeff Capeci

**ALSO PRESENT:** First Selectman Pat Llodra, Finance Director Bob Tait, BOF Chairman John Kortze, Registrars Karin Aurelia and Lereine Frampton, one member of public, three members of press

In the absence of Chairman Jeffrey Capeci, Vice Chairman Mary Ann Jacob called the meeting to order at 7:30 p.m. with the Pledge of Allegiance.

**VOTER COMMENT:** None noted

**APPROVAL OF MINUTES:** Upon motion by Ms. Fetchick, the minutes of the 1/4/12 regular meeting and the 1/11/12 special meeting were unanimously approved as presented.

Chairman Jacob changed the order of the agenda to accommodate guests.

**UNFINISHED BUSINESS**

**Registrars of Voters Recommendations – Redistricting** – Every ten years, after the Census, municipalities are mandated to equalize representation of voters, if necessary. Registrars Karin Aurelia and Lereine Frampton displayed a map showing a proposed change from four districts to three, eliminating the current 3-1 and 3-2. This recommendation would then change the polling places from four locations to three – High School, Middle School and Reed Intermediate School, eliminating voting in the elementary schools. Ms. Llodra asked what was driving this change – a shift in voting population or changing the polling places?

Many Council members felt that this is a drastic change and that they do not have enough information to make a decision since they are seeing this for the first time tonight. The Registrars were asked to: 1) prepare a spreadsheet indicating the numbers of voters in each district currently and in the proposed districts; 2) provide a timetable of upcoming deadlines and referenda/primaries/elections, including which would involve our new state district. They were also asked to prepare an "Option B" that would meet the goals of redistricting without so much upheaval. Ms. Jacob added that the Council would like a week's notice before the Registrars come back to the Council in order to give members time to review the information and consider the proposals.

**Guiding Principles of the Legislative Council** – This item will be taken up at the next meeting when Chairman Capeci returns.

**COMMUNICATIONS:** A letter was received from BOF Chairman John Kortze outlining a new General Fund Balance Policy that was approved by the Board of Finance on 1/9/12 (attached).

**COMMITTEE REPORTS:** *Education* – Ms. Fetchick reported that Superintendent Robinson has presented the proposed schools budget, with a 5.3% increase. A copy is available on the school website. *Finance/Administration* – Mr. Ferguson reported that the committee is reviewing the Annual Financial Report and the appointment of the Auditor. They will be meeting with Kostin & Ruffkess on 2/1/12 at 6:30 pm. *Ordinance* – Ms. Jacob reported that the committee is making progress on the Cat Ordinance. George Benson will attend their next meeting to discuss the Anti-Blight Ordinance.

**FIRST SELECTMAN REPORT:** Ms. Llodra distributed a handout (attached) of Q&A's on municipal bond rating that might be helpful to newer Council members. She also distributed a handout (attached) with information on the proposed Education Finance Reform that was discussed with our legislators at the special Council meeting last week. Also attached is a list of CCM's Legislative Agenda with a top priority of Education funding, and including State mandate relief. She will continue to try to push for these through CCM and our local legislators. Another priority for CCM is Transportation infrastructure which could benefit the entire state.

Ms. Fetchick asked for an update on the Blum Shapiro report for possible savings through consolidation of school and town processes. Ms. Llodra advised that the third and last meeting will be on 2/17/12 and we should receive their recommendations shortly thereafter.

## **NEW BUSINESS**

### **Resolution – General Obligation Refunding Bonds**

Mr. Ferguson moved to dispense with the reading of the full Resolution. Motion seconded and unanimously carried. Mr. Ferguson moved the following resolution – RESOLVED: That the resolution entitled “Resolution With Respect To The Authorization, Issuance, And Sale Of Not Exceeding \$20,000,000 Town of Newtown General Obligation Refunding Bonds” a copy of which is attached hereto, is hereby adopted. Motion seconded.

Mr. Tait advised that there have been four refundings in the past few years, resulting in significant savings in debt service. We have another opportunity on 2/14/12 with a possible savings of \$1.3 million (as of 1/4/12 numbers). Mr. Kortze explained that this procedure is similar to refinancing a mortgage for a more favorable rate. The savings would not all be realized in one year but would be split out over the terms of the bonds.

Mr. Tait added that the savings in interest would be \$250,000 this year, \$600,000 next year, and \$250,000 in FY 13/14.

Upon roll call vote, the motion carried and the resolution was adopted: YES – 11 (Mary Ann Jacob, Paul Lundquist, George Ferguson, Bob Merola, Joseph Girgasky, Daniel Honan, Kathy Fetchick, Dan Wiedemann, Dan Amaral, Mitch Bolinsky, Phillip Carroll) – NO - 0

#### **Resolution – Hawley School HVAC**

Ms. Fetchick moved to dispense with the reading of the full Resolution. Motion seconded and unanimously carried. Ms. Fetchick moved the following resolution - RESOLVED: That the resolution entitled "Resolution Providing For A Special Appropriation In The Amount of \$350,000 For Architectural And Engineering Services For Planning And Design Of Boiler Replacement, HVAC And Related Infrastructure Upgrades At Newtown Hawley School And Authorizing The Issuance Of \$350,000 Bonds Of The Town To Meet Said Special Appropriation And Pending The Issuance Thereof The Making Of Temporary Borrowings For Such Purpose", a copy of which is attached hereto, is hereby adopted, said special appropriation was requested in a letter dated January 4, 2012 from Robert G. Tait, Financial Director, in accordance with Chapter 6, Section 6-30(a), (b) & (c) of the Town Charter. Motion seconded.

Board of Education Chairman Debbie Leidlein advised that this Hawley School project has been postponed many times over the past several years and the Board feels it needs to be addressed. The original proposal required changing the two boiler rooms to one boiler for the entire school. This proposal keeps both boiler rooms and provides high efficiency dual fuel capability, also eliminating the need to re-pipe a section of the building. There are three phases in the plan which will spread the costs over three budget years – FY12/13 – FY14/15, however, after FY13/14, we will have a better idea of whether the FY14/15 portion of the project will be necessary. The Public Building and Site Commission has taken over the project and has selected Kaestle Boos to handle management.

Upon roll call vote, the motion carried and the resolution was adopted: YES – 11 (Mary Ann Jacob, Paul Lundquist, George Ferguson, Bob Merola, Joseph Girgasky, Daniel Honan, Kathy Fetchick, Dan Wiedemann, Dan Amaral, Mitch Bolinsky, Phillip Carroll) – NO - 0

#### **Policy Input to the Board of Finance – Capital Non-recurring Fund and Board of Education Reserve Fund Statute**

Mr. Ferguson moved to charge the Finance Committee with review of the proposed Capital Non-Recurring Fund and Board of Education Reserve Fund Policy, as recommended by the Board of Finance, and report back to the full Council. Motion seconded and unanimously carried.

Mr. Ferguson advised that this is a Board of Finance Policy and they are asking for Council input.

**Town of Newtown FY 2011/12 to FY 2015/16 Capital Improvement Plan (CIP)**

Mr. Ferguson moved to charge the Finance Committee to review and make recommendations to the Council on the FY 11/12 – FY 15/16 CIP. Motion seconded and unanimously carried.

Mr. Kortze gave a brief overview of the CIP process for new Council members. The Board of Selectmen and Board of Education each prepare and prioritize a list of capital projects over the five year period of the CIP. The Finance Director then combines the two lists into one CIP request. The Town's policy is that in each year, the debt costs (principal and interest) should not exceed 10% of the entire budget, which helps the Town's bond rating.

**VOTER COMMENT:** None noted

**ANNOUNCEMENTS:** None noted

Having no further business, the meeting adjourned at 8:59 p.m.



Jan Andras  
Clerk

**Attachments:**

- a) BOF General Fund Balance Policy
- b) Q&A Bond Ratings
- c) CCM Legislative Agenda
- d) Resolution - General Obligation Refunding Bonds
- e) Resolution - Hawley School HVAC

*These are draft minutes and as such are subject to correction by the Legislative Council at the next regular meeting. All corrections will be determined in minutes of the meeting at which they were corrected.*

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*Robert Tait, Finance Director*



**TOWN OF NEWTOWN  
BOARD OF FINANCE**

**Attachment A – 2 pages**

John W. Kortze, Chairman  
Joseph W. Kearney, Vice Chairman  
James Gaston, Jr.  
Richard J. Oparowski  
Carol Walsh, Ph.D.  
Harrison A. Waterbury

To: Jeff Capeci, Legislative Chairman  
George Ferguson, Finance Subcommittee Chairman

From: John Kortze, Board of Finance Chairman

Date: January 10, 2012

Subj: General Fund Balance Policy

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At the Board of Finance meeting of January 9, 2012 the following motion was made:

*Mr. Kearney moved to approve the General Fund Balance Policy. Mr. Oparowski seconded. All were in favor.*

Enclosed is the approved policy for your reference. We will be forwarding you a few more shortly. The goal being to improve upon the Town's financial practices.

Enc.

# **General Fund Balance Policy**

Updated for GASB54 Fund Balance Reporting and Governmental Type Definitions

## **POLICY STATEMENT**

A positive fund balance serves three important functions:

1. Eliminates the need for short term borrowing to handle cash flow between the start of the fiscal year and receipt of revenue from taxes;
2. Can be periodically used to lower taxes to smooth out major fluctuations in the property tax rates;
3. Serves as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities.

Credit rating agencies determine the adequacy of the unreserved fund balance using a complex series of financial evaluations. The size of the fund balance is an important, but not the only consideration in the Town's rating. Other important factors are the reliability of a government's revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the legislative body.

A town's ability to accurately plan and develop sufficient fund balance is a common characteristic of highly rated municipalities.

This policy is intended to provide for a fund balance which satisfies the cash flow and contingency needs of the community, supports our positive bond rating with the rating agencies, and at the same time avoid over taxing the citizens through an excessively large fund balance.

## **GOVERNMENTAL FUND TYPE DEFINITIONS**

- **General Fund – all funds not reported in another fund**
- **Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. Restricted or committed revenues are the foundation for a special revenue fund.**
- **Capital Project Funds – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.**
- **Debt Service Funds – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, including resources being accumulated for principal and interest maturing in future years.**
- **Permanent Funds – Used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is for the benefit of the government or its citizenry. Permanent funds do NOT include private purpose trust funds.**

## **FUND BALANCE DEFINITIONS**

- **Fund Balance is the difference between the Town's current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities.**
- **Fund balance is initially characterized as being restricted and unrestricted.**

# Q & A

It's no secret that private rating agencies can have a major impact on government finances. In the wake of Standard and Poor's (S&P) downgrade of the federal credit rating, municipalities have to plan accordingly to keep from being downgraded themselves. In order to properly maintain your municipal bond rating, it is first necessary to know what exactly a bond rating entails.

## What is a municipal bond rating?

A municipal bond rating is a third party evaluation of municipal credit-worthiness and risk. Generally, it measures a municipality's ability to pay a bond's principal and interest. Municipalities with a higher bond rating are considered more likely to meet their debt obligations than those with lower ratings.

## Who rates municipal bonds?

The three main rating agencies are S&P, Moody's, and Fitch. Investors typically rely on these agencies' ratings when looking at purchasing municipal bonds.

## What factors are considered?

While each rating agency employs its own formulas and factors, ratings are generally based on the following criteria: economy, debt structure, financial condition, demographic factors and municipal management practices.

## What are the highest possible ratings?

The highest rating issued by S&P and Fitch is AAA. Whereas, Moody's highest rating is Aaa. A municipality with

the highest rating is considered extremely likely to meet its financial commitments.

## How do we improve our bond rating?

One way to help improve your bond rating is to establish organized financial and debt policies. A debt policy can help clarify and simplify long-term financial planning and management objectives. Also, an achievable economic development plan can help keep your municipality on track. Another way to effectively manage your bond rating is to follow the best practices created by the Government Finance Officers Association (GFOA).

## How does our bond rating affect how we do business?

The higher the bond rating, the easier and less expensive it is to issue bonds. A higher bond rating allows you to issue debt at a lower interest rate to your municipality, thus making big projects less costly. Investors look at bond ratings to determine the safety of purchasing a municipal bond and are more likely to invest in those with higher ratings. Effective management of your bond rating can help make large projects easier.

## Who can we contact to find out more about our bond rating?

CCM's Research & Information Services (R&I) keeps track of all the bond ratings for municipalities in the state and could gladly assist. R&I also retains GFOA's best practices and other information to help you get your bond rating to where you want it to be.

Contact Research & Information at (203) 498-3000 or [research@ccm-ct.org](mailto:research@ccm-ct.org).





## LOCAL FUNDING OF EDUCATION

- ❖ Education is the largest single item in municipal budgets - in some towns 80 percent or more of total expenditures.
- ❖ Municipal property taxpayers pay about \$0.62 out of every \$1.00 raised in property taxes toward PreK-12 education.
- ❖ No municipality in Connecticut spends less on education than it receives from the State.
- ❖ The Education Cost Sharing (ECS) grant accounted for less than 20 percent of total PreK-12 education expenditures, given actual costs were estimated to be about \$10 billion in FY2010.
- ❖ The State's four education formula grants - Adult Education, ECS, Non-Public School Transportation, and Public School Transportation - provided less than 27 percent of funding for PreK-12 net current expenditures in FY2010.
- ❖ If the Excess Cost-Student Based grant (special education) is added to the four formula grants, the funding still remained at less than 30 percent of net current expenditures in FY2010.
- ❖ Only six (6) municipalities received more than 50 percent of funding for their net current expenditures from the four state formula grants in FY2010.
- ❖ Fifty-two (52) municipalities received less than 10 percent of funding for their net current expenditures from the four state formula grants in FY2010.
- ❖ More than half of Connecticut's municipalities (95) received less than 25 percent of funding for their net current expenditures from the four state formula grants in FY2010.

CCM, December 2011

Attachment





January 2012

## Enacting and Funding Education Finance Reform

The quality of Connecticut's educated workforce is one of the key assets in attracting and retaining businesses. **A first-rate education system – and education finance system – are vital to ensure Connecticut's prosperity and quality of life.** Ensuring the provision of an equitable and suitable public education is the constitutional responsibility of the State. Every municipality in Connecticut spends more on Pre K-12 public education than it receives from the State. Local property taxes cannot continue to shoulder the lion's share of Pre K-12 public education costs.

For Connecticut to compete economically with its neighbors and the world, the State must increase and sustain its financial commitment for Pre K-12 public education. Key components of education finance reform include:

- **Correct state underfunding of regular education programs:**
  - **Increase the ECS foundation level** to reflect the real cost of adequately educating students tied to a statutorily identified cost index.
  - **Increase the State Guaranteed Wealth Level (SGWL).**
  - **Use more current and accurate data to measure town wealth and poverty.** It is important to make better use of income data collected annually by the CT Department of Revenue Services instead of relying on old U.S. Census data.
  - **Ensure the ECS formula equalizes for the disparities in municipal overburden** (i.e., non-education service demand, socioeconomic characteristics, effective tax rate, and grand list strength).
  - **Use audited free and reduced-price meal eligibility** instead of Title I as a more accurate poverty measure.
  - **Reform the Minimum Budget Requirement (MBR)** to allow municipalities and property taxpayers to find reasonable savings and efficiencies in board of education budgets. For too long, mandates like the MBR have forced municipalities and property taxpayers to pay the price of state underfunding of Pre K-12 public education.
  - **Phase in full funding of the new grant over a reasonable period of time.** The current ECS grant is underfunded by almost \$800 million.

*ECS Formula*

- *Number of students in each town, weighted for poverty & other factors that increase ed. costs*
- *Property wealth & income in each town*

- **Correct state underfunding of special education programs:**
  - **Pay 100 percent of special-education marginal costs.**
  - **In lieu of paying all marginal costs, decrease the Excess Cost reimbursement threshold to at most 2.0 times the district's average per pupil expenditure or \$25,000, whichever is less.**
  
- **Correct state underfunding of school districts with specific student-performance challenges:**
  - **Establish substantive early childhood education investments to help close the achievement gap.**
  - **Increase funding for categorical grants.**
  - **Expand school district and school eligibility for categorical programs to ensure that all performance gaps are addressed.**
  
- **Meet the statewide need for school construction and renovation:**
  - **Maintain the State's funding commitment to ensure that aging schools are renovated and replaced to meet enrollment needs and higher technology and quality standards.**

## Coalition of towns releases its wish list

Education funding ranks as the top priority for the Connecticut Conference of Municipalities this year. On Tuesday, the statewide association released its priorities for the upcoming General Assembly session. Lawmakers will meet from Feb. 8 to May 5.

### Education funding

- Revise the formula for distributing the Education Cost Sharing grants.
- Increase funding and expand eligibility for other categorical grants.
- Require the state pay a higher share of special education costs.
- Maintain current funding commitments for school construction and renovation projects.

### Municipal relations

- Set a hard 90-day deadline for reviewing and approving applications for state permits.
- Establish a "municipal ombudsman" in each state agency to work directly with towns and cities.
- Create a special funding pool for financing municipal projects costing less than \$1 million.
- Streamline paperwork for economic development grants.

### State mandates

- Allow municipalities to defer property revaluations.
- Raise the thresholds for prevailing wage rates for renovation and construction projects.
- Make binding arbitration laws fairer to towns and cities, including imposing new time limits.
- Require a two-thirds vote of the House and Senate to enact unfunded mandates.

### Regionalism

- Permit towns and cities to deliver services on a regional basis.
- Allow groups of municipalities to negotiate master labor contracts.
- Authorize municipalities and regions to levy certain optional taxes.
- Empower regional councils of governments to make land-use decisions on significant projects.

### Poor cities and towns

- Provide special funding for financing projects that create permanent jobs.
- Invest more in early childhood education to reduce the achievement gap.
- Encourage the establishment and retention of small and moderate-sized businesses.
- Offer state funding to hire and retain police officers.

### Transportation

- Authorize municipalities to use red light cameras to enforce traffic laws.
- Dedicate state revenues to provide long-term funding for infrastructure programs.
- Increase overall funding for transportation and infrastructure improvements.
- Reinstate the display of registration stickers on license plates to boost local tax collection and revenue.

### Other legislative proposals

- Continue financial and technical support for cleaning up and redeveloping brownfields.
- Provide incentives for local farmers' markets.
- Permit towns and cities to publish public notices on municipal websites.
- Double the current \$7,500 threshold for requiring competitive bidding to \$15,000.

*CCM Legislative Agenda*

*Jan 17, 2012*

RESOLUTION WITH RESPECT TO THE AUTHORIZATION, ISSUANCE AND  
SALE OF NOT EXCEEDING \$20,000,000 TOWN OF NEWTOWN GENERAL  
OBLIGATION REFUNDING BONDS

**RESOLVED:**

**Section 1.** Not exceeding \$20,000,000 General Obligation Refunding Bonds (the "Refunding Bonds") of the Town of Newtown (the "Town") may be issued in one or more series and in such principal amounts as the First Selectman and the Financial Director shall determine to be in the best interests of the Town for the purpose of achieving net present value savings and/or to moderate debt service payments. The Refunding Bonds are hereby authorized to refund all or any portion of any one or more series of the Town's outstanding general obligation bonds (the "Refunded Bonds"). The Refunding Bonds shall be issued and sold either in a negotiated underwriting or a competitive offering, and at such time or times as the First Selectman and the Financial Director shall determine to be most opportune for the Town. If the refunding bonds are sold in a negotiated underwriting, the First Selectman and the Financial Director shall approve and designate the underwriter. Each series of Refunding Bonds shall mature in such amounts and on such date or dates as shall be determined by the First Selectman and the Financial Director provided that no Refunding Bonds shall mature later than the final maturity date of the last maturity of any Refunded Bonds being refunded by such series. The Refunding Bonds shall bear interest payable at such rate or rates as shall be determined by the First Selectman and the Financial Director, shall be executed in the name and on behalf of the Town by the manual or facsimile signatures of the First Selectman and the Financial Director, bear the Town seal or a facsimile thereof and be approved as to their legality by Robinson & Cole LLP, Bond Counsel. The Refunding Bonds shall be general obligations of the Town and each of the Refunding Bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The aggregate denominations, form, details, and other particulars thereof, including the terms of any rights of redemption and redemption prices, the designation of the certifying, paying, registrar and transfer agent, shall be subject to the approval of the First Selectman and the Financial Director. The net proceeds of the sale of the Refunding Bonds, after payment of underwriters' discount and other costs of issuance, shall be deposited in an irrevocable escrow account in an amount sufficient to pay the principal of, interest and redemption premium, if any, due on the Refunded Bonds to maturity or earlier redemption pursuant to the plan of refunding. The First Selectman and the Financial Director are authorized to appoint an escrow agent and other professionals and to execute and deliver any and all escrow, investment and related agreements necessary to provide for such payments on the Refunded Bonds and to provide for the transactions contemplated hereby. The First Selectman and the Financial Director are authorized to prepare and distribute preliminary and final Official Statements of the Town for use in connection with the offering and sale of the Refunding Bonds, and they are hereby authorized to execute and deliver on behalf of the Town a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Tax Regulatory Agreement and such other documents necessary or desirable for the issuance of the Refunding Bonds and the payment of the Refunded Bonds.

**Section 2.** This resolution shall be effective until January 1, 2013.

RESOLUTION PROVIDING FOR A SPECIAL APPROPRIATION IN THE AMOUNT OF \$350,000 FOR ARCHITECTURAL AND ENGINEERING SERVICES FOR PLANNING AND DESIGN OF BOILER REPLACEMENT, HVAC AND RELATED INFRASTRUCTURE UPGRADES AT NEWTOWN HAWLEY SCHOOL AND AUTHORIZING THE ISSUANCE OF \$350,000 BONDS OF THE TOWN TO MEET SAID SPECIAL APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

RESOLVED:

Section 1. The sum of \$350,000 is a special appropriation made pursuant to Chapter 6, Section 6-30 (a), (b) and (c) of the Town Charter of the Town of Newtown (the "Town") for architect and engineering services, construction management and other related costs for the planning and design of boiler replacement, HVAC and related infrastructure upgrades at the Town of Newtown Hawley School, and for administrative, financing, legal and costs of issuance related thereto (collectively, the "Project"), said appropriation to be inclusive of any and all State and Federal grants-in-aid thereof.

Section 2. To meet said appropriation, \$350,000 bonds of the Town, or so much thereof as shall be necessary for such purpose, shall be issued, maturing not later than the maximum maturity permitted by the General Statutes of the State of Connecticut, as amended from time to time (the "Connecticut General Statutes"). The bonds may be issued in one or more series as determined by the Financial Director, and the amount of bonds of each series to be issued shall be fixed by the Financial Director, in the amount necessary to meet the Town's share of the cost of the Project determined after considering the estimated amount of State and Federal grants-in-aid of the Project, or the actual amount thereof if this be ascertainable, and the anticipated times of the receipt of the proceeds thereof, provided that the total amount of bonds to be issued shall not be less than an amount which will provide funds sufficient with other funds available for such purpose to pay the principal of and the interest on all temporary borrowings in anticipation of the receipt of the proceeds of the bonds outstanding at the time of the issuance thereof, and to pay for the costs of issuance of such bonds. The bonds shall be in the denomination of \$1,000 or a whole multiple thereof, be issued in fully registered form, be executed in the name and on behalf of the Town by the facsimile or manual signatures of the First Selectman and the Financial Director, bear the Town seal or a facsimile thereof, be certified by a bank or trust company, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company, and be approved as to their legality by Robinson & Cole LLP, Attorneys-at-Law, of Hartford. The bonds shall be general obligations of the Town and each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and interest thereon. The aggregate principal amount of the bonds of each series to be issued, the annual installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such bonds including approval of the rate or rates of interest shall be determined by the First Selectman and the Financial Director, in accordance with the Connecticut General Statutes.

Section 3. Said bonds shall be sold by the First Selectman and the Financial Director in a competitive offering and the bonds shall be sold at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. To the extent required by the Charter of the Town of Newtown, bids shall be solicited from at least three lending institutions. A notice of sale or a summary thereof describing the bonds and setting forth the terms and conditions of the sale shall be published at least five days in advance of the sale in a recognized publication carrying municipal bond notices and devoted primarily to financial news and the subject of state and municipal bonds.

Section 4. The First Selectman and the Financial Director are authorized to make temporary

borrowings in anticipation of the receipt of the proceeds of said bonds. Notes evidencing such borrowings shall be signed by the First Selectman and the Financial Director, have the seal of the Town affixed, be payable at a bank or trust company designated by the First Selectman, be approved as to their legality by Robinson & Cole LLP, Attorneys-at-Law, of Hartford, and be certified by a bank or trust company designated by the First Selectman pursuant to Section 7-373 of the Connecticut General Statutes. They shall be issued with maturity dates which comply with the provisions of the Connecticut General Statutes governing the issuance of such notes, as the same may be amended from time to time. The notes shall be general obligations of the Town and each of the notes shall recite that every requirement of law relating to its issue has been duly complied with, that such note is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the Project. Upon the sale of the bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on any such notes then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 5. The Town hereby expresses its official intent pursuant to Section 1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and anytime after the date of passage of this resolution in the maximum amount and for the Project with the proceeds of bonds or bond anticipation notes or other obligations ("Bonds") authorized to be issued by the Town. The Bonds shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Financial Director or his designee is authorized to pay Project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this declaration.

Section 6. The First Selectman and the Financial Director are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to the Municipal Securities Rulemaking Board (the "MSRB") and to provide notices to the MSRB of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this resolution. Any agreements or representations to provide information to the MSRB made prior hereto are hereby confirmed, ratified and approved.

Section 7. The First Selectman is hereby authorized, on behalf of the Town, to enter into any other agreements, instruments, documents and certificates, including tax and investment agreements, for the consummation of the transactions contemplated by this resolution.