

**Town of Newtown Legislative Council Regular Meeting
Wednesday, February 1, 2012
3 Primrose Street, Newtown, CT**

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

ALSO PRESENT: First Selectman Pat Llodra, Finance Director Bob Tait, Joseph Centofanti (auditor), Jan Andras, two members of press

Chairman Capeci called the meeting to order at 7:35 p.m. with the Pledge of Allegiance.

VOTER COMMENT: None noted

APPROVAL OF MINUTES: Upon motion by Ms. Jacob, the minutes of the 1/18/12 regular meeting were unanimously approved as presented.

COMMUNICATIONS: A letter was received from EDC Chairs Margaret Olliger and Don Sharp asking to make a presentation to the Council. Chairman Capeci contacted Elizabeth Stocker and asked her to coordinate for a future Council agenda.

COMMITTEE REPORTS: *Ordinance* – Ms. Jacob reported that they are finishing up the Cat Ordinance and after legal review, hope to have this on the next Council agenda. Making progress on the Blight Ordinance. *Education* – Ms. Fetchick reported that the BOE approved a proposed 3.07% budget increase over last year. The biggest initiative is full day kindergarten and funding teacher’s contractual increases. She has sent out to Council members a list of what the BOE retained from the superintendent’s prioritized list. The BOE is asking to receive regular reports from the elementary principals on the planning for full day kindergarten. They are continuing to look for savings in some of the larger areas of the budget, such as transportation.

FIRST SELECTMAN REPORT: Ms. Llodra distributed copies of a news release from Governor Malloy (copy attached), outlining his plan for action in the upcoming (short) legislative session. His focus will be Certification on the Quality of Teachers; and easing Data Reporting Requirements for school districts by reducing the “red tape”.

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

NEW BUSINESS

Comprehensive Annual Financial Report

Mr. Ferguson moved to accept the Comprehensive Annual Financial Report, year ending June 30, 2011, Town of Newtown. Motion seconded.

Mr. Ferguson advised that the Finance/Administration Committee met two weeks ago to review the report and then again tonight with auditor Joseph Centofanti, who is present to answer any questions (presentation attached). The report indicates that Newtown is in a good financial position.

MOTION UNANIMOUSLY CARRIED.

Designation of Auditor for Town of Newtown FY 2011-2012

Mr. Ferguson moved to designate the firm of J. H. Cohn LLP as Auditor for the Town of Newtown for FY 2011-2012. Motion seconded and unanimously carried.

It was noted that the firm of Kostin Ruffkess has now merged with J. H. Cohn LLP, a New Jersey firm. Mr. Tait advised that there are only 3 or 4 auditing firms being used by 90% of the municipalities in CT. J. H. Cohn LLP has agreed to hold their fees at our previous rate, however, he plans to put out an RFP in November for auditing of the following fiscal year.

Transfer

Mr. Bolinsky moved to approve the transfer of \$16,000 from Account 01570-2000 Contingency to Account 01320-2029 Fire Hose. Motion seconded and unanimously carried.

Ms. Jacob asked the First Selectman if this transfer is due to the recent loss of fire hose that has a pending insurance claim. Ms. Llodra answered that it is and if monies are received from the insurance company, they will go into the general fund.

Resolutions

Ms. Llodra advised that tomorrow, along with Finance Director Bob Tait and Economic Development Director Elizabeth Stocker, she will be meeting with the ratings agencies – Moody's and S&P. (Copy of Moody's opinion from February 2011 attached.) The ratings we receive determine the costs for our upcoming General Obligation Bond Refunding – the higher the rating, the lower our cost for debt. We hope to again secure the Aa1 rating that we currently hold. Ms. Stocker will demonstrate the commercial economic profile of the town and our development growth, as outlined on the attached. Ms. Llodra and Mr. Tait will present the Town's financial plan, to include actions taken by the Council tonight to codify the sound financial practices that are already being used. These include:

- 1) Fund Balance Policy of 8% minimum in undesignated funds. Mr. Tait advised that Newtown trails other Aa1 rated towns that have 10-11% in their fund balances.
- 2) Debt Cap Plan to reduce the cap to 9%, in increments.
- 3) Commitment of 0.3% of the budget, annually to be put into the Capital Non-Recurring Fund, as per best business practice for the industry.
- 4) 20% of our refunding savings to be used to pay down debt or placed in the Fund Balance.
- 5) 20% of any grand list increase to be dedicated to the general fund.

Mr. Ferguson moved the following: RESOLVED that as part of an ongoing effort to reduce borrowing costs, the Legislative Council endorses the Board of Finance's effort to author a policy to invest 2% of the annual Town budget into the funding of capital expenditures. Motion seconded and unanimously carried.

Mr. Ferguson moved the following: RESOLVED that the Legislative Council endorses the Board of Finance's effort to author a policy to budget for and transfer to the Capital Non Recurring account, no less than 0.3% of the Town's annual budget. Motion seconded and unanimously carried.

Mr. Ferguson moved the following: RESOLVED that the Legislative Council endorses the Board of Finance's effort to author a policy to dedicate no less than 20% of any refunding savings of outstanding municipal bonds of the Town of Newtown to pay down existing debt or to retain in the General Fund of the Town of Newtown. Motion seconded and unanimously carried.

Mr. Ferguson moved the following: RESOLVED that the Legislative Council endorses the Board of Finance's effort to author a policy to dedicate no less than 20% of any grant list increase in revenue to the General Fund of the Town of Newtown. Motion seconded and unanimously carried.

UNFINISHED BUSINESS

Guiding Principles of the Legislative Council

Ms. Jacob moved to adopt the Guiding Principles of the Legislative Council. Motion seconded. After discussion, it was decided that there should be no action on this tonight. Council members should send any recommendations to Chairman Capeci before the next meeting.

Ms. Fetchick moved to TABLE this motion for the next Council meeting. Motion seconded and unanimously carried.

VOTER COMMENT: None noted

ANNOUNCEMENTS: None noted

Having no further business, the meeting adjourned at 9:50 p.m.


Jan Andras
Clerk

Attachments:

A: News Release - Governor Malloy (3 pages)

B: Commercial Development Update – Elizabeth Stocker Presentation for Ratings Agencies (4 pages)

C: Moody's Rating 2/11/11 (2 pages)

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.



MEET GOVERNOR MALLOY INVITE GOVERNOR MALLOY PRESS ROOM PRIORITIES FOR RESIDENTS LIEUTENANT GOVERNOR WYMAN

Press Releases
In The News
Speeches
Proclamations
Executive Orders
Official Portraits



STATE OF CONNECTICUT
GOVERNOR DANNEL P. MALLOY

January 31, 2012

GOV. MALLOY: REMOVING RED TAPE WILL EMPOWER LOCAL SCHOOL DISTRICTS

(HARTFORD, CT) – Governor Dannel P. Malloy today announced a plan to reduce the burden of red tape and state mandates faced by school districts across the state. Based on the needs of school districts, the Governor's proposed changes to state policies will empower districts by eliminating barriers to improving student achievement. In particular, today's announcement will allow local school districts greater flexibility to hire and develop teachers, a process that is currently impeded by certification mandates, and free districts from excessive and redundant data reporting.

"Our state's school districts should be focused on raising student achievement and preparing our students for success in college and in a career, not on navigating overly burdensome state policies," said Governor Malloy. "As a state, we will work to ensure that there is a commonsense, evidence-based approach to teacher certification and support that focuses on improving student learning. Where state mandates, regulations, circular letters, and other requirements create barriers to a district's work, the state needs to examine its practices – and find ways to get out of the way."

State Commissioner of Education Stefan Pryor stated, "Informed by our districts' leaders and other stakeholders, the Governor's plan eliminates bureaucratic barriers around teacher certification and data reporting. These barriers frequently make it harder to attract talent and unnecessarily distract school leaders from their main goal: helping teachers improve student achievement."

In his December 20, 2011 letter to the leaders of the General Assembly, Governor Malloy identified a set of core principles that would guide his education reform efforts in 2012, including during the coming legislative session. The Governor proposed to "unleash innovation by removing red tape and other barriers to success, especially in high-performing schools and districts."

The plan released by the Governor today will be implemented in two phases.

Phase 1

In the short-term, the Malloy Administration will take steps to address **two** key areas of state regulation identified by many school districts as among the most onerous: teacher certification and data reporting.

Focusing Certification on the Quality of Teachers

In a recent survey of the state's superintendents, two-thirds reported that the State Department of Education (SDE) issues too many regulations. Over half (54%) of superintendents identified state policies as a barrier to effectively recognize and promote staff, while only one-third (33%) think that the current structure of Continuing Education Units (CEUs) aligns with the needs of their teachers or students. In response, the Governor is proposing to both simplify processes related to certification and professional development, as well as empowering districts to make these processes more meaningful. Specifically, the package calls for:

- simplifying the certification process;
- consolidating the number of available certificates prior to the "professional" level certificate, from three to one "initial" level certificate;
- maintaining the "professional" certificate on the basis of strong performance as supported by high quality professional development, not seat-time-based Continuing Education Units;
- establishing a new "master" educator certificate for our most accomplished teachers attained on the basis of exemplary performance; and
- increasing districts' discretion to hire teachers from other states by removing barriers to reciprocity.

Easing Data Reporting Requirements

Twenty percent (20%) of superintendents (the second-most frequent answer in a free-response section) on the survey stated that data reporting requirements are the most burdensome mandates they face. While many of these data requests have an origin in state or federal law, the Education Department has implemented some of its requests in ways that create unnecessary burden and expense for district central offices and schools.

For example, SDE requests almost all of the data reported in the annual strategic district profiles (SDP) and strategic school profiles (SSP) twice – once during the school year, and once again when it compiles the SDPs and SSPs – creating needless duplication of effort by districts.

SDE will consolidate the forms it issues to request data from districts. As a first step, the department will, in the next year, identify and eliminate approximately one-third of the 35 forms used to collect data required by state law this year.

SDE will also convene periodic meetings with a focus group of superintendents and district business administrators to foster ongoing dialogue about attaining more streamlined data practices.

Phase 2

The Governor will convene a seven-member Red Tape Review and Removal Taskforce to examine additional and comprehensive solutions to unnecessarily burdensome state regulations and mandates. The taskforce will review and meet over the next year, soliciting input from all stakeholders, specifically boards of education, superintendents, school leaders, teachers and parents as appropriate. The taskforce will develop recommendations and report to the Governor and the Commissioner of Education by December 15, 2012 ahead of the 2013 legislative session.

Survey of State's Superintendents

SDE issued the results of a survey taken of superintendents, which was issued in order to better understand the agency's strengths and weaknesses. 92% of superintendents across the state completed the survey this past fall and 61.1% of superintendents are optimistic about the state's ability to improve public education. Survey results showed a linkage to Governor Malloy's recently outlined principles for education reform:

- Governor's Principle: Enhance families' access to high-quality early childhood education opportunities
 - 92.7% of superintendents strongly agree or agree that the SDE must do more to increase access to early childhood education.
- Governor's Principle: Authorize the intensive interventions and enable the supports necessary to turn around Connecticut's lowest-performing schools and districts.
 - 53.1% of superintendents believe the SDE is not helping close the achievement gap in their district.
- Governor's Principle: Expand the availability of high-quality school models, including traditional schools, magnets, charters, and others.
 - 75% of superintendents believe they do not have the support and resources to create new schools in their districts
- Governor's Principle: Unleash innovation by removing red tape and other barriers to success, especially in high-performing schools and districts.
 - 66.9 % of superintendents indicate the SDE issues regulations too much.
- Governor's Principle: Ensure that our schools are home to the very best teachers and principals—working within a fair system that values their skill and effectiveness over seniority and tenure.
 - 55% of superintendents believe the SDE has not articulated a clear plan to help attract, retain, and develop teachers and administrators for Connecticut schools.
- Governor's Principle: Deliver more resources, targeted to districts with the greatest need—provided that they embrace key reforms that position our students for success.
 - 67% of superintendents believe the state's formulas for funding education are unfair or very unfair.

Survey results will help shape the 2012 legislative agenda. Other results of the survey include:

- 79% of superintendents rarely or never utilize the SDE as a resource for identifying talented individuals to fill positions with their district.
- 49% of superintendents believe the state's policies do not enable them to remove staff who are ineffective in their roles.
- 54% of superintendents believe the state's policies do not enable them to recognize and promote staff effectively in their district.
- 47% of superintendents believe the state of public education has declined or significantly declined from ten years ago.
- An equal percentage of superintendents - 32% - both agree and disagree that the SDE communicates clearly with districts and schools.
- 31% of superintendents believe the SDE rarely or never facilitates discussions that promote best practices
- 43% of superintendents believe the SDE rarely or never encourages districts to create new and better ways to improve student learning.
- 10% of superintendents believe the SDE is effective in building the state's technical schools into first-rate institutions.
- Superintendents most picked the following five recommendations from the Connecticut Association of Public School Superintendents' report to transform Connecticut's education system:
 - Within Start with Early Childhood: The state legislature should ensure a simplified, coordinated system for supporting Early Childhood Development and Education.
 - Within Raising the Bar: Connecticut must establish ambitious, focused and coherent education standards in all major disciplines...that are shared across the system and aligned with major assessments and instructional systems.
 - Within Start with Early Childhood: The state should provide or reallocate funds, and alter policy to

ensure programs are delivered with sufficient intensity and measurable success in children's language,

reading and numeracy.

o Within Reform Leadership: The role and responsibility of the Superintendent of Education should be clearly defined in state statutes.

A compilation of the full survey is attached.

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For Immediate Release: January 31, 2012

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**Town of Newtown
Connecticut**




Commercial Development Update

January 2012

**Projects Recently
Completed and Under
Construction**

Walgreens

15,000 sf - 47-49 South Main Street



Site Redevelopment \$ 3.153 million investment - Completed Spring 2011

Plaza South Neighborhood Shopping Center

72,000 sf - 266-274 South Main Street



Final Building #9 Completed in the fall 2011

Tenants:

- Union Savings Bank (opened April 2010)
- The Learning Experience (opened July 2010)
- Building 3 - Good Ideas, Sweet Mignon Restaurant, Ramal of Rice
- Building 4 - Carl's Jr-Barnard Liquors, Z's Place, Dale 21, Extreme Fitness
- Building 5 - Schreyer, D'Orazio Sweets Bakery, Plaza Plus



Advanced Fusion Systems

211,576 sf - 11 Edmond Road



Plant was formerly occupied by Pitney Bowes

Renovations underway for manufacturing/research & development -
Spring 2012 Completion Approvals in place for 30,800 sf addition -
200+ jobs in Research & Development - Manufacturing

Highland Plaza

121-125 South Main Street


Phase 1 (33,000 sf) of 3 Phases Completed
Phase 2 (22,000 sf) & Phase 3 (3,000 sf) Under construction




Tenants: Highland Self Storage
Nanavaty, Nanavaty & Downport, CPA
Pacific Asian Bldg & Hbachi
Snap Fitness
Devine Dog Grooming

Newtown Veterinary Specialists

52 Church Hill Road
Renovation of Existing 19,000 sf commercial building for Veterinary Hospital
April 2012 - Opening



24 new employees expected upon opening - 36 expected by 2013
6 new employees for related business

Newtown Animal Control Facility

Old Farm Road
Animal Control Facility - 19,000 sf April 2012 Opening

Sandy Hook Center Revitalization



Pilot Streetscape Completed In 2007
\$1 million planned over next 5 years – water line extension completed

Sandy Hook Center Revitalization

15,000 sf- 107 Church Hill Road



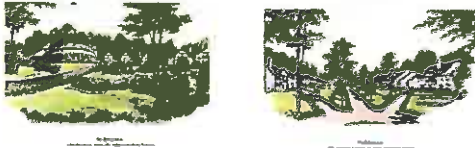

Before streetscape

Phase 1 (of 2) fully occupied
Phase 2 includes rental housing over commercial

Projects Approved for Construction

The Woods at Newtown*

132 Age Restricted Condominiums & 46 Independent Condominiums



*Toll Brothers is negotiating the purchase of this proposed community and has approved for a different design than shown here.

Mixed Commercial Building

26,400 sf- 164 Mount Pleasant Road



Professional Office Building

20,000 sf - 174 Mount Pleasant Road



Flex Industrial Space

34,900 sf- 352 South Main Street



Fairfield Hills Campus

Master Plan Allows Commercial Reuse & Redevelopment
Commercial Broker Engaged



Projects Approved for Construction

- The Villa- 4-8 Riverside Road- 22,000 sf - multi-phased mixed commercial & rental uses
- Brom Enterprises LLC - 183 Mt. Pleasant Road - 17,000 sf medical office building - new construction (site is cleared)
- Dr. Beck - 12 Queen Street - 6,500 sf medical office building
- Turn Brook LLC- 79 Church Hill Road- 7,500 sf new construction (site is cleared)
- 164 Mt. Pleasant Road - Shovel ready for 16,500 sf wet or larger mixed use building
- Newtown Self Storage- 137 South Main Street- 3,000 sf addition
- Braun Moving- 46 Barnabas Road- 81,000 sf addition
- Gas Stop- 47 Church Hill Road- 3,200 sf new construction
- Mathison Flooring- 133 South Main Street- 3,500 sf addition
- Seven Berkshire LLC- 7 Berkshire Road- 7,500 sf new construction
- 50 South Main Street Association- 50 South Main Street- 7,800 sf new construction (across from Walgreens)
- Berkshire Plaza- 146-148 South Main Street- 14,580 sf new construction
- Grace Christian Fellowship Church- Covered Bridge Road- 42,300 sf new construction

Projects on the Drawing Board

Planned Projects

New Construction.

- H & V Construction- 27 Church Hill Road - 6,500 sf - medical office building
- Taunton Hill Road LLC - 25 acre equestrian estate
- Newtown Technology Park - 6-8 Commerce Road - 100,000 sf - 23 acres industrial/business park
- Rose Park Properties - 19 Commerce Road - 14,000 sf industrial flex space
- Goodhouse Flooring LLC - 1 Turnberry Lane - 9,000 sf
- BurgerZavala - 57 Church Hill Road - expansion into Cave Concess space
- 11 Cannon Road - 14,000 sf retail building
- Newtown Vehicle-Ambulance Corps - Fairfield Hills Campus - 14,000 sf garage & headquarters
- Dr Beck - Queen Street - 6,500 sf - medical office building

Renovations.

- Stratford Hill at Fairfield Hills - Commercial - 9,000 sf - Environmental Clean Up Completed
- Duquesne St. 59, 60, 61 & 62 at Fairfield Hills - 4,200 sf - Environmental Clean Up Completed
- Town of Newtown Parks & Recreation Facility Concept Design Completed
- Sandy Hook Auto & Marine - 1 Glen Road - auto repair garage

Major Employers

	Jan. 2011	Jan. 2012	Difference 2011-2012
Town of Newtown - Board of Education	708	704	-4
Municipality of Newtown	517	260	-257
State of CT Dept. of Corrections	294	289	-5
Taunton Plaza	240	230	-10
Charter Communications	222	175	-47
Newtown Savings Bank	203	127	-76
Town of Newtown	174	88	-86
Cafe Packaging Corp.	153	148	-5
Health-Wing Devices-Kellogg	152	145	-7
Shop & Shop	140	137	-3
Caluzzi & Newtown Market	133	138	5
Big Y Supermarket	151	158	7
Quacorum, Inc. - Proximity TV - Partners	94	116	21
UConn Health Center @ Cancer Connection Facility	87	78	-9
Rand Whetree Corp.	75	77	2
Tan One	89	88	-1
Service & Materials - inc	88	75	-13
C.L. & P.	85	82	-3
T.U.V. Restaurant	47	38	-9
Forecast inc -	53	53	0
Piney Woods	29	29	0
Total	3,575	3,290	-285

Economic Development Strategy

Five-year Strategic Plan approved November 2011


- \$62.6 million in private economic development investment
- Nurture indigenous economic growth
- Promote efficient land use




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Moody's Investors Service

Global Credit Research

New Issue

11 FEB 2011

New Issue: Newtown (Town of) CT

MOODY'S ASSIGNS Aa1 RATING TO NEWTOWN'S (CT) \$14 MILLION G.O. BONDS AND MIG 1 RATING TO \$10.5 MILLION G.O. BOND ANTICIPATION NOTES

Aa1 RATING APPLIES TO \$92.2 MILLION OF PARITY DEBT, INCLUDING THE CURRENT ISSUE

Newtown (Town of) CT
Municipality
CT

Moody's Rating

ISSUE	RATING
General Obligation Bonds Issue of 2011	Aa1
Sale Amount \$14,020,000	
Expected Sale Date 02/15/11	
Rating Description General Obligation	

Bond Anticipation Notes	MIG 1
Sale Amount \$11,000,000	
Expected Sale Date 02/15/11	
Rating Description Bond Anticipation Notes	

Opinion

NEW YORK, Feb 11, 2011 -- Moody's Investors Service has assigned a Aa1 rating to the Town of Newtown's (CT) \$14 million General Obligation Bonds, Issue of 2011 and a MIG 1 rating to the town's \$10.5 million Bond Anticipation Notes (BANs), dated February 23, 2011 and due February 22, 2012. At this time, Moody's has also affirmed the Aa1 rating on the town's \$77.4 million in outstanding general obligation bonds. The bonds are secured by the town's general obligation, unlimited tax pledge.

RATINGS RATIONALE

The Aa1 rating reflects the town's sizeable equalized net grand list with above average wealth characteristics and manageable debt position. The rating also factors the town's well managed financial position which has experienced reserve reductions over the past two fiscal year. Assignment of the MIG 1 rating reflects our expectation that the town will be able to refinance the notes at their February 22, 2012 maturity given the town's strong underlying credit quality and history of favorable market access.

Proceeds from bond sale will fund various municipal capital improvements including \$10 million for high school renovations. The notes will also finance school improvement projects including \$10 million for the high school.

SHORT-TERM RATING REFLECTS EXPECTATION OF MARKET ACCESS AT MATURITY

Newtown demonstrates a favorable history of access to the capital markets. The town received 7 bids on its most recent note sale in February 2010. All bids were received from regional and national financial institutions. Moody's expects the town will continue to experience favorable market access and successfully refinance the notes, if necessary, at their February 2012 maturity.

STRENGTHS

- Stable tax base and strong demographic profile
- Financial position guided by formal policies
- Well funded pension plans and pro-active OPEB funding

CHALLENGES

- Recent General Fund balance draws has reduced reserve position to levels below similarly rated municipalities

DETAILED CREDIT DISCUSSION

RESERVE POSITION WEAKENS FOLLOW FUND BALANCE DRAWDOWNS; RESERVES REMAIN WITHIN FORMAL POLICY GUIDELINES

Newtown's financial position is down from historical levels following budgeted General Fund balance reductions in fiscal years 2009 and 2010. The town fully utilized its budgeted \$2 million fund balance appropriation in fiscal 2010 reducing its unreserved General Fund balance to 8% of revenues. This represents a recent low for the town which had maintained an available reserve position as high as 14% in fiscal 2006. The town's reserve position remains in compliance with its formal policy which calls for unreserved General Fund balance to be maintained between 5% and 16% of budget however it trails the 11% Aa1 median for Connecticut municipalities. The town's ability to stabilize its reserve position at levels consistent with its current rating category will be an important consideration in future rating reviews.

The adopted fiscal 2011 budget reflects a 1.3% increase over the prior year's budget. The budget is balanced primarily with a 2.44% tax rate increase and incorporates a \$1 million General Fund balance appropriation. Positively, the level of fund balance applied as a revenue source is down from over \$3 million in 2008 and the town expects to eliminate the use of fund balance in the fiscal 2012 budget. Slightly more than halfway through the fiscal year the town expects another reserve reduction as positive variances are projected to fall short of fully replenishing the fund balance appropriation. The town expects to remain in compliance with its fund balance policy.

As of July 1, 2010, the town's police pension system was 89% funded and the combined selectman and board of education pension plan was funded at 97%. While still strong the funded ratios are down from 98% and 107% in 2008 due to market losses. The town continues to fund 100% of its annual required pension contributions (ARC). The town's other post retirement benefits (OPEB) actuarial liability is a relatively modest \$3.7 million with a \$430,000 ARC. The town has established a trust to pre-fund the liability and funded 113% of the ARC in fiscal 2010.

TAX BASE EXPECTED TO REMAIN HEALTHY WEALTH INDICATORS

Moody's believes growth in Newtown's sizeable \$5.0 billion equalized net grand list (ENGL) will continue to lag historic levels reflecting the slow pace of economic recovery in the region. The town, located in Fairfield County along Interstate 84, is in close proximity to major employment centers including New York City (rated Aa2/stable outlook), Stamford, CT (rated Aa1), and Norwalk, CT (rated Aaa). The primarily residential tax base (81% of assessed value) expanded at a five-year average annual rate of 1.6%. This rate of growth is down from 6.6% in 2009 reflecting slower building activity due to economic conditions. Assessed values experienced a modest 0.1% reduction between fiscal years 2010 and 2011, reflecting reclassified land values and lower motor vehicle assessments. The town anticipates assessed values to remain stable over the near term as residential home value declines are offset by the value of new property. Future grand list and employment growth is expected to be supported, in part, by renovations to a former Pitney Bowes facility by Advanced Fusion Systems, expected to be completed this spring. The project is expected to include a 30,800 sq. ft. addition and the town expects the company to add over 200 research and development jobs over the near-term. Additionally, looking ahead, the town has approved the construction of 132 age restricted homes and 45 independent living condominiums for the Woods and Newtown project as well as several other new mixed use and office buildings.

Notably, the town has a non-taxable 600 inmate correctional facility within its boundaries. Even when including the inmate population, the town's per capita (PCI) income is a strong of \$37,786 (175% of the U.S.). Further, though slightly skewed downward by the presence of the tax-exempt correctional facility, the ENGL per capita of \$187,688 still exceeds the median for similarly-rated communities.

MOODY'S ASSIGNS Aa1 RATING TO NEWTOWN'S (CT) \$14 MILLION G.O. BON

MANAGEABLE DEBT BURDEN

Moody's believes the town's moderate debt position will remain manageable given the town's above-average amortization of principal, state school building assistance, and prudent debt policy. Incorporating this issue, the town's direct debt position is an above average 2.0% of equalized net grand list, compared to the 1.0% national average. However, the town's rate of principal amortization remains favorable with 75% retired within 10 years and the town expects to remain in line with its debt policy which calls for debt service not to exceed 10% of budget. Debt service represented 9.6% of expenditure in 2010. The town maintains a comprehensive five-year, \$34.9 million capital improvement plan of which \$26.6 million is expected to be funded through borrowing and \$7 million through pay-as-you-go funding. The plan calls for \$1.6 million of bond funded projects in fiscal 2012 followed by \$5.2 million the subsequent fiscal year. All outstanding debt is fixed rate and the town is not party to any derivative agreements.

What could make the rating change - UP

-- Improvement to the town's financial position

← Improved fund balance

-- Strengthening of tax base and demographic profile

What could make the rating change - DOWN

-- Protracted structural budget imbalance

← use of fund balance

-- Depletion of General Fund balance

-- Deterioration of the town's tax base and demographic profile

KEY STATISTICS

2000 Census Population 25,031

2010 Equalized net grand list \$5.0 billion

2010 Equalized net grand list per capita \$187,688

1999 Per Capita Income \$37,786 (131% of the state, 175% of the U.S.)

1999 Median Family Income \$99,192 (151% of the state, 198% of the U.S.)

2010 General Fund Balance \$9.2 million (9.3% of General Fund revenues)

2010 Undesignated General Fund Balance \$6.9 million (7% of General Fund revenues)

Direct Debt Ratio: 2.0% of equalized net grand list

Adjusted Debt Ratio: 1.8% of equalized net grand list

Payout of Principal in 10 Years: 75%

Post-closing Parity Debt Outstanding \$92.2 million

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments, published in October 2009.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings; parties not involved in the ratings; and public information.

* Show a positive development in fund balance and the use of fund balance. Discuss other fund balances (capital nonrecurring and medical self insurance).
* Illustrate that prudent debt management is still in place (CIP plan with debt forecast schedule).
* discuss economic development (strengthening the tax base).
* Show a continued commitment to "pay as you go" financing and general fund transfers to the capital nonrecurring fund.
* Discuss our approved (written) financial policies. The new fund balance policy.
* Budget performance/new budget format/pension fund/etc