

Board of Selectman  
February 19, 2013

THESE MINUTES ARE SUBJECT TO APPROVAL BY BOARD OF SELECTMEN

The Board of Selectmen held a regular meeting Tuesday, February 19, 2013 in the Council Chamber of the Municipal Center, Newtown. First Selectman Llodra called the meeting to order at 7:32 pm.

**PRESENT:** First Selectman Llodra, Selectman William F.L. Rodgers, Selectman James Gaston, Sr.

**ALSO PRESENT:** Finance Director Robert Tait, Director of Economic & Community Development Elizabeth Stocker (7:40pm) one member of the public and one member of the press.

**VOTER PARTICIPATION:** none.

**ACCEPTANCE OF THE MINTUES:** Selectman Gaston moved to accept the minutes of the regular meeting of February 4, 2013. Selectman Rodgers seconded. All in favor.

**ADD TO THE AGENDA:** Selectman Rodgers moved to add as item #1 under New Business, for discussion and possible action the request to revise the business incentive program. Selectman Gaston seconded. All in favor.

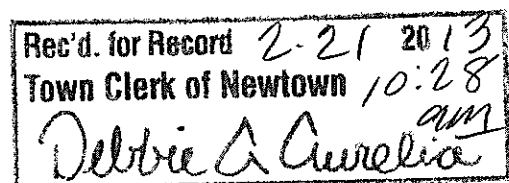
**COMMUNICATIONS:** Selectman Rodgers reported that Mr. Juliano of the Edmond Town Hall Board of Managers called him for the contact information of Bill McCarthy, member of the Library Board of Trustees, whom Mr. Rodgers suggested he speak to regarding budget preparation. The Board agreed that the library was in the same situation a number of years ago, in that enough information was not supplied at budget time. So much is supplied now it wasn't necessary for them to come to defend their request.

**FINANCE DIRECTOR REPORT:** none.

**UNFINISHED BUSINESS:**

**Discussion and possible action:**

1. **Implementation Plan – Plan of Conservation and Development:** This item will be addressed at the March 18 meeting.
2. **Education & Prevention committee for Tick Borne Disease – December:** item to be carried to a May meeting.
3. **Municipal Space Needs:** This item is on hold until the fate and future of Sandy Hook School is decided.
4. **Policy Statement – Defined Contribution Plan:** Mr. Tait went over the information on the difference between a defined benefit plan and a defined contribution plan (Att. A). A defined contribution plan is beneficial and is something to be addressed through negotiations. The non-union employees will be the first to change to a defined contribution plan; employees will have the opportunity to talk to a representative from the investment company. There will be no additional cost from the current pension. Mr. Tait will bring back a policy statement and he and the First Selectman will proceed with a plan for negotiations.



**NEW BUSINESS:**

**Discussion and possible action:**

1. **Request to Revise Business Incentive Plan:** Ms. Stocker presented the revision of the business incentive plan (Att. B). Selectman Gaston questioned the third bullet point on page one relative to streamlining the conditions and allowing the First Selectman to sign off on the project. Ms. Stocker explained that the original program the project has to start within one year of the time the incentive is approved. If the schedule is not maintained the business has to come back to the Selectmen to explain the delay. The revision would eliminate that step. Selectman Gaston suggested a time frame be added. First Selectman Llodra suggested one opportunity to not meet the required schedule for development. The First Selectman could approve it with the support of the Board of Selectmen. The First Selectman would bring it to the board. First Selectman Llodra noticed the Preamble, the language in the final paragraph doesn't include Botsford and Dodgingtown; put all areas in or don't identify any. Selectman Gaston suggested starting with the wording of 'included but not limited to'. Ms. Stocker will make the suggested changes and return the document to First Selectman Llodra for action at the next meeting.
2. **Maintenance Bond Release, Road & Drainage Work Agreement, Oakview Rd., "Regency at Newtown", Toll Brothers:** Selectman Gaston moved the release of the \$3,500 maintenance bond in relation to the Road & Drainage Agreement, Oakview Road, "Regency at Newtown", Toll Brothers. Selectman Rodgers seconded. All in favor.
3. **Driveway bond Release/Extension:** Selectman Rodgers moved two driveway bond releases in the amount of \$1,000 each for Toll Brothers, Inc. for Oakview Road, Emergency Access Drive, M38, B12, L3 and Oakview Road, Main Drive, M38, B12, L3. Selectman Gaston seconded. All in favor.
4. **Appointments/Reappointments:** Selectman Rodgers moved the appointment of James A. Gulalo, (R), 87 South Main Street to the Economic Development Commission for a term to expire January 6, 2016 and the appointment of Laurie Kilchevsky, (R), 9 Equestrian Ridge, to the Board of Ethics, Alt. for a term to expire January 6, 2017. Selectman Gaston seconded. All in favor. First Selectman Llodra announced a vacancy on Commission on Aging and the Economic Development Commission, both open to a democrat or unaffiliated voter. The last day to apply is March 18 with an anticipated appointment date of April 1.
5. **Tax Refunds:** Selectman Rodgers moved the February 2013 refunds in the amount of \$28,855.41. Selectman Gaston seconded. All in favor.
6. **Resolution:** Mr. Tait explained that this resolution didn't go through the Board of Selectmen although it had been discussed. Selectman Rodgers moved to waive the reading of the entire resolution entitled RESOLUTION PROVIDING FOR A SPECIAL APPROPRIATION IN THE AMOUNT OF \$144,000 FOR PROFESSIONAL SERVICES FOR PHASE I (REVISED) OF BOILER REPLACEMENT, HVAC AND RELATED INFRASTRUCTURE UPGRADES AT NEWTOWN HAWLEY SCHOOL AND AUTHORIZING THE ISSUANCE OF \$144,000 BONDS OF THE TOWN TO MEET SAID SPECIAL APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE. Selectman Gaston seconded. All in favor. Selectman Gaston moved the resolution entitled RESOLUTION PROVIDING FOR A SPECIAL APPROPRIATION IN THE AMOUNT OF \$144,000 FOR PROFESSIONAL SERVICES FOR PHASE I (REVISED) OF BOILER REPLACEMENT, HVAC AND RELATED INFRASTRUCTURE UPGRADES AT NEWTOWN HAWLEY SCHOOL AND AUTHORIZING THE ISSUANCE OF \$144,000 BONDS OF THE TOWN TO MEET SAID SPECIAL APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE. (Att. C) Selectman Rodgers seconded. All in favor.

Board of Selectman  
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**VOTER COMMENTS:** none.

**ANNOUNCEMENTS:** There will be an update on the process and decision making for Sandy Hook School at the next meeting. First Selectman Llodra will have draft language for a charge for the commission on a permanent memorial. There will be discussion on how to decide who to include in that commission. The Public Hearing on the budget will take place at the Board of Finance special meeting on Thursday, Feb. 21. The budget does not include the security committee recommended proposal but the Board of Finance has it. Selectman Rodgers noted that the Newtown-Sandy Hook Community Foundation Inc. is being formed from the money collected in the Newtown Savings Bank account through the United Way. The foundation was formed in conjunction with Senator Lieberman. Selectman Rodgers stated there is a symposium at WestConn this weekend. He believes Governor Malloy will be kicking it off and Rudy Giuliani will be the key note speaker.

**ADJOURNMENT:** The Board of Selectman adjourned their regular meeting at 8:27pm.

Respectfully submitted,



Susan Marcinek, Clerk

Att. A: Defined Contribution Plan document

Att. B: Request to Revise Business Incentive Program, January 25, 2013

Att. C: Resolution

## PENSION

- MANY CITIES AND TOWNS THRU OUT THE NATION ARE SHIFTING FROM DEFINED BENEFIT PLANS TO DEFINED CONTRIBUTION PLANS.
  - A DEFINED-BENEFIT PLAN, ALSO CALLED A PENSION, IS A PLAN THAT PAYS YOU A SPECIFIC AMOUNT OF MONEY WHEN YOU BECOME ELIGIBLE FOR RETIREMENT BENEFITS. THESE PLANS USUALLY HAVE FORMULAS TO DETERMINE HOW MUCH YOU RECEIVE IN BENEFITS BASED ON CRITERIA SUCH AS HOW LONG YOU HAVE WORKED FOR THE TOWN AND WHAT YOUR SALARY IS. GENERALLY, THE TOWN PAYS ARE LARGER PORTION OF THE COST OF A DEFINED-BENEFIT PLAN. THE EMPLOYEE DOES CONTRIBUTE A PERCENTAGE OF SALARY.
  - A DEFINED CONTRIBUTION PLAN IS A PLAN THAT DOES NOT PAY A SPECIFIC BENEFIT WHEN YOU RETIRE, BUT ALLOWS YOU TO SAVE MONEY IN A TAX-DEFERRED ACCOUNT. A 401K IS A COMMON TYPE OF DEFINED-CONTRIBUTION PLAN. AT RETIREMENT, YOU WITHDRAW THIS MONEY OVER TIME FOR LIVING EXPENSES. TOWN'S USUALLY CONTRIBUTE TO A DEFINED-CONTRIBUTION PLAN ALSO, EITHER IN THE FORM OF A MATCH OF SOME PORTION OF THE EMPLOYEE CONTRIBUTIONS OR A PERCENTAGE OF PAYROLL.
- TOWN CONTRIBUTION TO TOWN PENSION PLAN CURRENTLY IS APROXIMATELY 5% OF PAYROLL.
- CURRENTLY THE TOWN HAS A 401 (A) PLAN SETUP TO ACCOUNT FOR A DEFINED CONTRIBUTION PLAN.
- A DEFINED CONTRIBUTION PLAN IS NOT ANY LESS EXPENSIVE THAN A DEFINED BENEFIT PLAN, IN THE BEGINNING. IT DOES, HOWEVER, ELIMINATE THE UNCERTAINTY OF A DEFINED BENEFIT PLAN. THAT IS, CONTRIBUTIONS TO A DEFINED BENEFIT PLAN ARE TIED TO THE UPS AND DOWN OF THE MARKET.
- THERE ARE MANY THINGS TO CONSIDER BEFORE STARTING A DEFINED CONTRIBUTION PLAN. THESE ITEMS ARE DISCUSSED IN THE GFOA'S "ESSENTIAL DESIGN ELEMENTS OF DEFINED CONTRIBUTION PLANS AS THE PRIMARY RETIREMENT PLAN".





The following are the results of a survey conducted on May 6th and 7th, of all municipalities in Connecticut. 66 Municipalities responded for a response rate of 39%.

Two questions were asked, as follows:

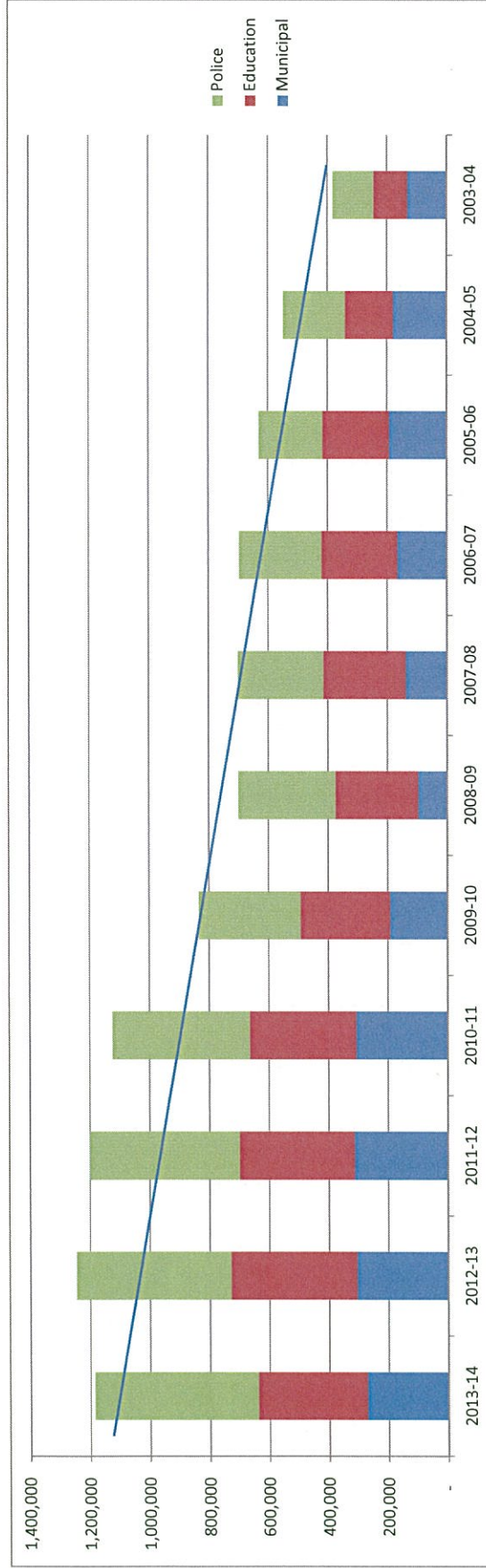
1. Has your municipality offered any early retirement incentive(s)? If so, could you provide me with the specific incentive(s)?
2. Do you currently offer a defined contribution retirement plan, and how is it structured?

TOWN	EARLY RETIREMENT	DEFINED CONTRIBUTION	NOTES
Ashford	None	Yes*	Employer Contribution 7%
Barkhamsted	None	Yes*	Money Purchase Plan, Employer 9% of salary
Beacon Falls	Yes*	None	2 employees given 1 year pay over 2 year period.
Bethlehem	None	None	
Bolton	None	Yes*	457
Bozrah	None	None*	MERF
Bridgeport	None*	None*	Looking at both
Bridgewater	None	Yes*	Employer Match up to 7%
Bristol	None	Yes*	457
Brookfield	None	None	
Canaan	None	None	
Canton	None	Yes*	414(h), Employer 6%, Employee 4%
City of Groton	None	None	
Colchester	None	Yes*	401(a) Employer match 5,6, or 7% depending on union. Optional 457, no Employer contribution 457 optional w/3% match; 401(a) mandatory 7% employer contribution
Columbia	None	Yes*	
Coventry	None	None	
Danbury	Yes*	None	no further information
Darien	None	None	
East Granby	None	No Retirement Plan	
East Hampton	Yes*	None	See Attachment
East Haven	Yes*	None	
East Lyme	Yes*	Yes*	401(a) See Attachment
East Windsor	None	Yes*	no further information
Eastford	None	None	
Farmington	Yes*	None*	Town Manager and ATM
Franklin	None	None	
Hartland	None	None	
Kent	None*	None	Board of Education has offered retirement incentives
Killingworth	None	None	
Lebanon	None	None*	MERF
Lisbon	None	None*	MERF
Lyme	None	None	
Madison	None	Yes*	457
Mansfield	None	None	
Marlborough	None	Yes*	457(b) Additional Paid Retiree Health Insurance, Extra Years of Service (3-7), and cash bonuses
Meriden	Yes*	None	
Middlebury	None	None*	Working on implementing
Montville	None	None*	MERF
New Milford	None	Yes*	Money Purchase Plan, Employer 7% of salary

North Stonington	Yes*	Yes*	Payout for all accrued time and benefits extensions. 401(a) Merrill Lynch
Norwalk	None	None	
Orange	None	Yes*	401(a) Thrift Plan
Plainfield	None	None	
Plainville	None	Yes*	no further information
Plymouth	Yes*	None	If Employee had age requirements for retirement but not years of service, gave 2 years maximum
Putnam	None	None	
Ridgefield	None	None	
Salem	None	Yes*	457
Sherman	None*	Yes*	Employer 3% of salary. Fidelity "life fund" account
Somers	None	Yes*	457 Employer 6%, Employee 3%
Southington	None	None*	MERF The school has offered early retirement, no further information provided regarding type of DC
Sprague	None*	Yes*	
Stafford	None	None	
Stonington	None	None*	Voluntary 457 with no Employer contribution
Tolland	None	Yes*	401(a), Employer 6%, Employee 2.5%
Trumbull	None	None	
Union	None	Yes*	401(k) 457(b) Employer 2%, if Employee contributes 7.5%, town contribution will rise to 4%
Vernon	None	Yes*	Town Contributes 2% of annual salary
Voluntown	None	IRA*	100% of medical until medicare eligibility for employee and spouse
Waterford	Yes*	None	
Weston	None	None	
Westport	Yes*	None	Offered Reduced medical costs. No further information
Willington	None	None	
Wilton	None	Yes*	no further information
Windham	Yes*	None	In 2009
Windsor	None	None*	Working on implementing

**TOWN OF NEWTOWN**  
**TOWN PENSION - ANNUAL REQUIRED CONTRIBUTIONS (BUDGETED)**  
**FOR THE FISCAL YEARS 2003-04 THRU 2013-14**

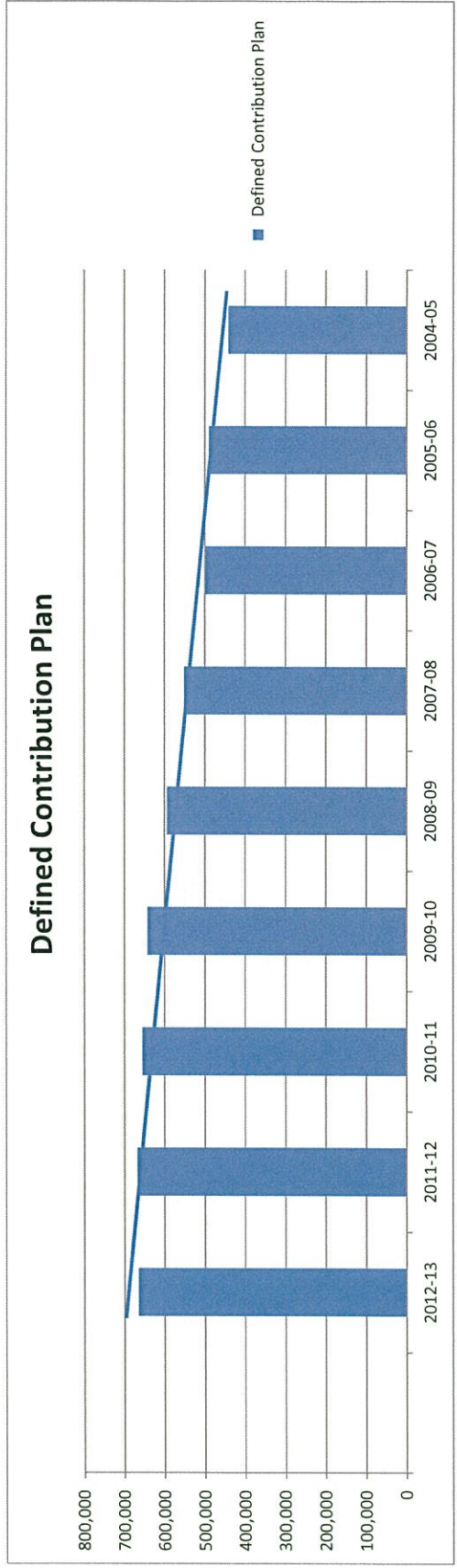
	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
<b>Annual Required Contribution (ARC)</b>											
Municipal	272,205	306,465	313,102	306,790	192,441	97,286	138,347	166,000	193,700	180,000	131,500
Education	365,780	421,807	386,163	357,015	299,781	277,328	275,774	254,000	222,684	160,495	113,227
Police	548,620	517,812	502,513	460,540	342,670	325,909	287,328	277,000	214,000	208,000	137,000
<b>Total ARC</b>	<b>1,186,605</b>	<b>1,246,084</b>	<b>1,201,778</b>	<b>1,124,345</b>	<b>834,892</b>	<b>700,523</b>	<b>701,449</b>	<b>697,000</b>	<b>630,384</b>	<b>548,495</b>	<b>381,727</b>





**TOWN OF NEWTOWN**  
**BOS / EDUCATION PENSION - EXPECTED COMPENSATION WITH DEFINED BENEFIT "WHAT IF" CONTRIBUTION**  
**FOR THE FISCAL YEARS 2004-05 THRU 2012-13**

<u>Board of Selectmen / Education Pension</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Expected compensation per 7/1/2012 actuary Annual Valuation Report	13,313,292	13,371,509	13,109,110	12,834,058	11,878,385	11,031,168	9,995,785	9,809,015	8,849,093
Assumed 5% Town Contribution to a Defined Contribution Plan	<u>665,665</u>	<u>668,575</u>	<u>655,456</u>	<u>641,703</u>	<u>593,919</u>	<u>551,558</u>	<u>499,789</u>	<u>490,451</u>	<u>442,455</u>





## TOWN OF NEWTOWN PENSION PLAN

### Comparison of DB vs. DC Benefits

#### Example 1 - at 6%

Hire Age:	35	45	55
Salary:	\$40,000	\$40,000	\$40,000
Salary Scale	3%	3%	3%
Interest Rate	6%	6%	6%
DC Acct.:	\$287,406	\$121,422	\$38,734
DC Benefit:	\$2,173	\$918	\$293
DB Benefit:	\$3,335	\$1,268	\$472

#### Example 2 - at 8%

Hire Age:	35	45	55
Salary:	\$40,000	\$40,000	\$40,000
Salary Scale	5%	5%	5%
Interest Rate	8%	8%	8%
DC Acct.:	\$497,529	\$173,997	\$45,936
DC Benefit:	\$4,375	\$1,530	\$404
DB Benefit:	\$5,614	\$1,761	\$541

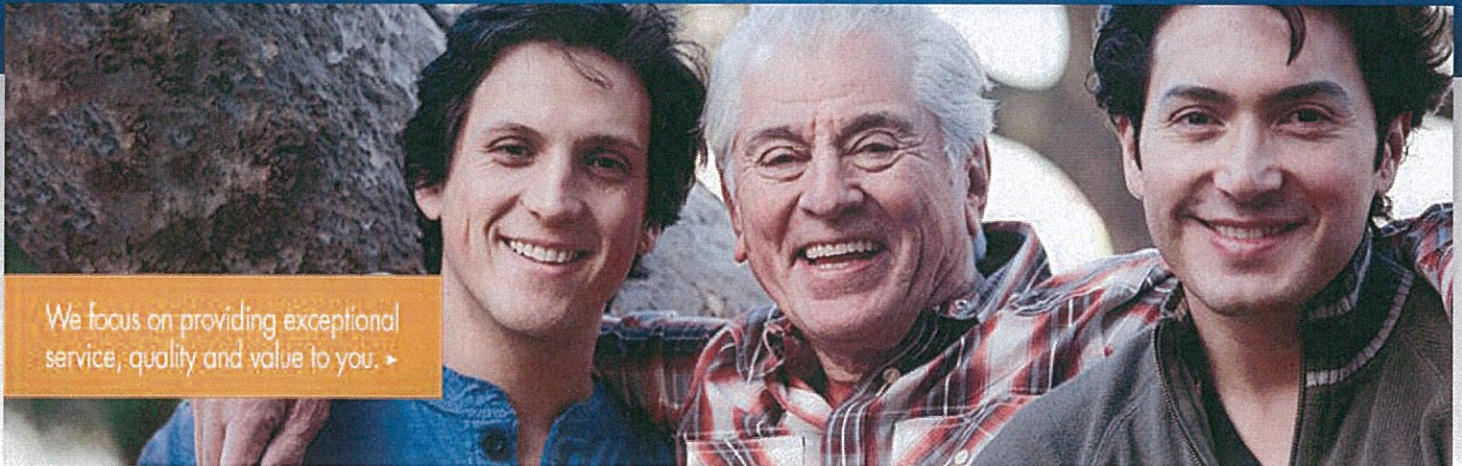
*Notes: DC benefits based on 4.5% Employer contribution plus 2% Employee contribution*

*DB benefit does not include 30 year benefits prior to age 65, which add some cost to the plan.*

ONE DEFINED CONTRIBUTION PLAN IS A 401(A) :

The town would be better off using a 401(a) plan for the following reasons:

1. The town can have a vesting schedule on the 401 just like the DB pension (No vesting permitted on the 457)
2. The town doesn't pay payroll taxes on its contribution to a 401(a) (It would on its contributions to the 457)
3. Pre-tax contributions by the employee are mandatory; not so in the 457.



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## About Us

### Serving the Public Sector Since 1972

Founded in 1972, ICMA-RC is a **non-profit independent financial services corporation** focused on providing retirement plans and related services for more than a million public sector participant accounts and approximately 9,000 retirement plans. Our mission is to help build retirement security for public employees. We deliver on our mission by focusing on service, quality and value.

All of our retirement programs, administrative services and educational tools have been developed specifically for public sector retirement plan administrators and participants like you. Our retention rate is one of the highest of any public sector retirement plan provider.

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## BEST PRACTICE

### Essential Design Elements of Defined Contribution Plans as the Primary Retirement Plan (2008) (CORBA)

**Background.** In its Recommended Practice, *Developing a Policy for Retirement Plan Design Options (2007)*, the Government Finance Officers Association (GFOA) recommends that public sector employers or plan sponsors have a policy statement that will guide their plan design decisions. Once a pension plan design decision has been made, GFOA members can refer to this RP on *Essential Design Elements of Defined Contribution Retirement Plans* to review the essential elements of offering a defined contribution plan to employees.

Separate recommended practices have been adopted in the *Essential Design Elements of Defined Benefit Retirement Plans* and the *Essential Design Elements of Hybrid Retirement Plans*. These recommended practices should be consulted accordingly.

A defined contribution plan provides funds for retirement based solely on the assets available in an employee's individual account and all investment related risk is borne by the employee. Defined contribution plans can be offered as the primary retirement plan or as a supplemental retirement plan. Some of the following plan design recommendations only apply to defined contribution plans which are the primary plan.

**Recommendation.** Should an employer choose to provide a defined contribution (DC) plan, GFOA recommends that retirement administrators and finance professionals consider the following essential elements in their plan design:

1. A fundamental aspect of plan design is to **determine the adequacy of the retirement plan** in meeting the needs of employees. Key factors to consider include:
  - a. Conducting a full actuarial analysis based on workforce demographics and the desired level of replacement income to determine the related cost of providing the benefit.
  - b. Providing a tax deferral to the employee through the use of mandatory employee contributions (employer pick-ups).
  - c. Evaluating possible employer matching to promote voluntary savings. Determine if an employer match will be offered, and if so, the formula needed to accomplish the desired level of contributions.
  - d. Establishing a system for automatic enrollment and default investment options that may be available pursuant to state law.<sup>1</sup>
  - e. Consider adding an automatic escalator to employee contributions, which could be tied to pay increases.
2. **Design a sound investment structure and policy.** See GFOA's best practices, *Investment Policies Governing Assets in a Deferred Compensation Plan (2004)* and the associated *Investment Policy Checklist for Assets in a Deferred Compensation Plan (2005)*, as well as *Asset Allocation – Guidance for Defined Contribution Plans (2009)* for further information. A sound investment structure and policy should offer investment products that:

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<sup>1</sup> The automatic enrollment and default investment options under ERISA **do not** apply to governmental plans. However, for governmental plans residing in states that do permit automatic enrollment, ERISA may provide an existing framework, see sections 902 and 624 of the Pension Protection Act of 2006 or sections 514(e) and 404 (c)(5) of ERISA.



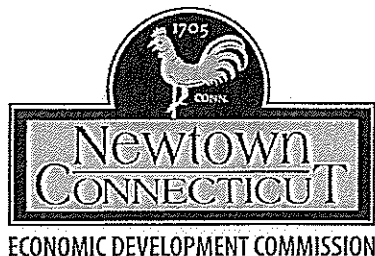
- a. Cover a risk and return spectrum of appropriate investment classes, preferably with the advice of an investment professional.
  - b. Consider including diversified life cycle (target-date) strategies or other related multi-asset strategies for employees who do not, or prefer not to, select their own investment options.
  - c. Are distinguishable and have distinct risk and return characteristics.
  - d. Are well diversified and professionally managed.
  - e. Assure that fees are reasonable for the asset class, investment style and services provided.
  - f. Maximize return within reasonable and prudent levels of risk.
3. **Other plan design considerations should be examined, including:**
- a. Whether employees are eligible for Social Security.
  - b. Disability and survivor coverage in place of benefits typically offered by defined benefit plans.
  - c. The advantages and disadvantages of lump sum payments, roll-over options, annuity purchase options and periodic payment options.
  - d. The potential utilization and liability of offering investment advice.
  - e. A plan for effective communication and reporting to participants. Investment disclosures (e.g. fees and risks) should be comprehensive and transparent.
  - f. Issues related to Board Governance as discussed in GFOA's Best Practice, *Essential Design Elements of Defined Benefit Retirement Plans* (2008).
4. **Develop a participant education program using all available methods,** which assists in providing the required knowledge related to:
- a. Information regarding the defined contribution plan, especially for plans that offer employer matches, automatic enrollment and default investment options.
  - b. On-going education regarding the features of the plan.
  - c. On-going financial planning education.
  - d. Retirement planning services. See GFOA's best practice *Retirement and Financial Planning Services* (2003).

## **References**

- *Can We Save Enough to Retire? Participant Education in Defined Contribution Plans*. Employee Benefit Research Institute, Issue Brief, no. 160, April 1995.
- *An Elected Officials Guide to Public Retirement Plans*, Cathie G. Eitelberg, Government Finance Officers Association, 1997.
- *An Elected Officials Guide to Defined Benefit and Defined Contribution Retirement Plans*, Nicholas Greifer, GFOA, 1999.
- *An Evolving Pension System: Trends in Defined Benefit and Defined Contribution Plans*, David Rajnes, Employee Benefit Research Institute, Issue Brief, no. 249, Sept. 2002.
- *Retirement Security in the United States – Current Sources, Future Prospects, and Likely Outcomes of Current Trends*, Employee Benefit Research Institute, 2006.
- *Defined Benefit and Defined Contribution Plans: A History, Market Overview and Comparative Analysis*, Stephen P. McCourt, International Foundation of Employee Benefit Plans, February 2006.
- *How Can Employers Improve Defined Contribution Plans?* Knowledge@Wharton, Oct. 2006; <http://knowledge.wharton.upenn.edu>.
- *Choosing Between (Traditional DB and DC--Decisions Points; CCA Strategies)*, J.P. Morgan Retirement Plan Services, March 23, 2007.
- TIAA-CREF Institute. Assortment of articles and information; <http://www.tiaa-crefinstitute.org>.

Approved by the GFOA's Executive Board, February 22, 2008.

NEWTOWN MUNICIPAL CENTER  
 3 PRIMROSE STREET  
 NEWTOWN, CONNECTICUT 06470  
 TEL: (203) 270-4271  
 FAX: (203) 270-4205  
 EMAIL: edc@newtown.org  
 www.newtown.org



DON SHARPE, CHAIRMAN  
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 JOE HUMESTON, SECRETARY

## Memorandum

January 25, 2013

To: E. Patricia Llodra, First Selectman

From: Don Sharpe, Chairman, Economic Development Commission

A handwritten signature in black ink, appearing to read 'Don Sharpe'.

Re: Request to Revise Business Incentive Program

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At a regular meeting of the Economic Development Commission held on December 18, 2012 the Commission took action to recommend certain revisions to the Newtown Business Incentive Program. The Commission and staff undertook an extensive review of other communities before making this recommendation. The revisions will provide Newtown greater flexibility in the incentives that may be offered making us very competitive with other communities. The revised program maintains the existing schedule for fixing of assessment of real property however it will allow the town to broaden incentives as allowed by state statute on a case by case basis.

The proposed revisions are outlined as follows:

- Revise the Preamble and Purpose to better articulate why the program is in place, emphasize the economic development focus for the Town of Newtown and incorporate a sentence that the program is broadened pursuant to State Statute Section 12-65b.
- Information technology, recreational facilities and warehouses, storage or distribution and research and development have been added as eligible uses for the business incentive program. Retail, office and manufacturing are the only uses that are currently eligible.
- Streamline the conditions of business incentives allowing the First Selectman to sign off on changes to the work schedule rather than the Board of Selectmen.
- Add streetscape improvements to the physical improvement section.

I look forward to a discussion concerning the proposal with the Board of Selectmen, Finance Board and Legislative Council and ask for your guidance and support. A copy of the revised program is attached.

Cc: Elizabeth Stocker, Director of Economic and Community Development

# TOWN OF NEWTOWN BUSINESS INCENTIVE PROGRAM

## PREAMBLE AND PURPOSE

The purposes of the Business Incentive Program are to encourage private investment, improve the physical appearance of our commercial and industrial properties, expand the local economic base, support strategic economic growth, encourage job creation and foster a healthy business climate within the Town of Newtown.

A focus on the improvement of properties within the business and industrial areas is found and declared to be in the best interest of the Town of Newtown. Therefore, the Town of Newtown hereby broadens a Business Incentive Program pursuant to CT General Statutes Section 12-65b meant to promote sustainable and strategic economic growth that will benefit and improve the overall quality of life in our community. This program is declared to be consistent with the Plan of Conservation and Development and the Strategic Plan for Economic Development of the Town of Newtown.

Economic development efforts will focus on new business development within the industry clusters of technology, communications and bioscience, the retention and expansion of existing businesses and the continued revitalization and enhancement of Newtown's business centers and corridors in the Borough of Newtown, Sandy Hook Center, Hawleyville and the South Main Street Village District. Efforts will focus on job creation, promoting the redevelopment or reuse of abandoned or underutilized commercial and industrial properties and streetscape improvements within the commercial areas of Newtown.

## APPLICATION AND ELIGIBILITY

### *Eligibility Requirements*

1. The applicant may not be delinquent in taxes owed to the Town of Newtown.
2. Only those properties located within a village or design district, a commercial, mixed use or industrial zone are eligible for this program.
3. The provisions of this program shall apply only if the improvements expand production and / or the capacity of a business involved in at least one of the following uses:
  - a. Office
  - b. Retail
  - c. Manufacturing
  - d. Warehouse, storage or distribution
  - e. Information technology
  - f. Recreational facilities
  - g. Research and Development

4. Proposed improvements, enlargements, or construction shall comply with all applicable state and local codes.
5. The applicant must provide appropriate estimates of cost of improvements and/or construction and compliance with all requirements herein stated. The Town Building Inspector, or his designee, shall verify that construction costs are properly stated in the application for a building permit.

#### *Application Procedure*

Following initial discussions with the First Selectman and/or the Economic and Community Development Director, the prospect will be invited to submit an application for participation in the Business Incentive Program. Application forms are available online and in the Economic and Community Development office. Completed forms should be returned to the Economic and Community Development Director.

The Economic and Community Development Director will review the application and present it to the Economic Development Commission for comments and recommendations. Following these reviews, the Economic Development Commission will forward the application, comments and recommendations to the First Selectman for consideration.

The First Selectman's office will inform the applicant of the status of the application and the incentives being considered in this specific and individual case. Following discussion, possible negotiation, consultation with the Town Attorney and if anticipated tax abatement exceeds \$25,000 per annum, review by the Board of Finance, the First Selectman will make his/her recommendation to the Board of Selectmen for review and action.

On approval by the Board of Selectmen, the application will be submitted to the Legislative Council.

If approved by the Council, it shall adopt a resolution authorizing the First Selectman to enter into an agreement with the applicant.

#### *General Conditions of Business Incentive Approvals*

1. After final approval of any Business Incentive Agreement, including fixing the assessment of the real property, work on the approved project must begin within twelve (12) months and shall be completed within twenty-four (24) months. Any variation from this must be approved by the First Selectman.
2. In the event that any term of the Agreement is disregarded by the applicant, including construction schedules, the Business Incentive Agreement including the fixing of the assessment shall terminate and the full amount of the tax that would otherwise be due the Town of Newtown shall become due and payable.
3. Should payment for taxes to the Town of Newtown become delinquent at any time during the agreement period, the Business Incentive Agreement shall immediately terminate and the full amount of the tax that would otherwise be due shall become due and payable.



## BUSINESS INCENTIVES

Consideration requested by the applicant may include physical improvements to the property and/or the fixing of assessment of real property pursuant to the schedule outlined below. The Town of Newtown may consider alternatives to the schedule as allowed by the CT General Statutes, Section 12-65b.

1. Physical improvement consideration may include the following; the one time Town subsidizing, whole or in part of:
  - a. The paving of driveways or parking areas;
  - b. Site preparation including tree/branch removal, grading, earth moving or removal;
  - c. Street or road improvement including drainage;
  - d. Hook-ups to water, sewer, other utilities;
  - e. Infrastructure engineering;
  - f. Correction of other physical problems, i.e., brooks, rock ledge, etc.
  - g. Streetscape specific areas where specs are in place
  
2. Agreements to fix the assessment of real property will be based on the estimated cost of improvements and the resulting increase in assessment of the property after improvements. In the event that completion of physical improvements and/or construction and costs thereof are less than those considered in negotiations, the Agreement will be appropriately adjusted.
  - a. The Business Incentive Agreement shall be in effect as long as the property use remains as authorized in the agreement.
  - b. The Agreement is no longer valid upon the sale or transfer of the property. A new Agreement may be negotiated with a new applicant.
  - c. The Town Assessor shall have the sole responsibility of determining the value of the assessment which is the subject of the Agreement.
  - d. The Agreement shall be filed in the land records and a copy filed in the office of the Assessor.
  
3. Business Incentive Schedule: The Agreement for fixing the assessment of the real property and all improvements thereon or therein and to be constructed thereon and therein, may utilize the following schedule for determining the maximum amount and maximum period of time for which such agreement may be given. However, the Town has the option to consider the alternatives allowed pursuant to CGS Section 12-65b.

<b>Assessed Value of increase in Real Property</b>	<b>Maximum Percentage that may be Fixed for Three Years</b>
\$0 to \$100k	0%
\$100k to \$250k	20%
\$250k to \$500k	25%
\$500k to \$1mil	30%
\$1mil to \$2mil	35%
\$2mil to \$3mil	40%
Over \$3mil	45%

If the project entails a large amount of personal property to be added, an additional incentive (multiplier to above figures) will be considered as follows:

<b>Assessed Value of Personal Property</b>	<b>Multiplier for Three Years</b>
\$0 to \$50k	0.00
\$50k to \$100k	1.10
\$100k to \$250k	1.15
\$250k to \$500k	1.20
Over \$500k	1.25

**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: \_\_\_\_\_

Address: \_\_\_\_\_

Company Contact: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Types of Products Manufactured or Distributed: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Project Description: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Estimated Cost of Proposed Improvements: \_\_\_\_\_

(Attach itemized list of these costs and improvements)

Number of Jobs To Be Retained in Newtown: \_\_\_\_\_

Number of Jobs To Be Created: \_\_\_\_\_

\_\_\_\_\_

Date

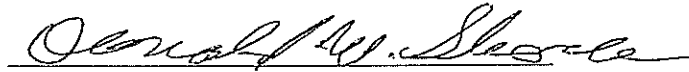
\_\_\_\_\_

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.

APPROVED

*s/s Donald W. Sharpe*



Donald W. Sharpe, Chairman  
Economic Development Commission

Date 1/26/2013

APPROVED

\_\_\_\_\_  
E. Patricia Llodra,, First Selectman  
Town of Newtown

Date \_\_\_\_\_

APPROVED

\_\_\_\_\_  
Jeffrey Capeci, Chairman  
Legislative Council

Date \_\_\_\_\_



RESOLUTION PROVIDING FOR A SPECIAL APPROPRIATION IN THE AMOUNT OF \$144,000 FOR PROFESSIONAL SERVICES FOR PHASE I (REVISED) OF BOILER REPLACEMENT, HVAC AND RELATED INFRASTRUCTURE UPGRADES AT NEWTOWN HAWLEY SCHOOL AND AUTHORIZING THE ISSUANCE OF \$144,000 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 \$144,000 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 professional services (up to and including project bidding) for phase I (revised) of boiler replacement, HVAC and related infrastructure upgrades at the Town of Newtown Hawley School, including, but not limited to, development of construction bid documents; document approvals from town agencies and authorities; consultation and approval for bidding from the Bureau of School Facilities, State of Connecticut Department of Education and other applicable agencies of the State, and bidding services, 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, \$144,000 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.