Call to Order / Pledge of Allegiance

Alderman Stanley Kudej, Chairman, called the meeting to order at approximately 5:15 p.m.

Roll Call - Finance Committee

Alderman Stanley Kudej, Chairman, present
Aldermanic President John F. Anglace, Jr., present
Alderman Anthony Simonetti, present

Also in attendance: Corporation Counsel Thomas Welch
Louis Marusic, Finance Director,
Gene Sullivan, Acting Purchasing Agent

There was a quorum of 3 present, 0 absent

1. APPROVAL OF MUNICIPAL AUDITOR

Alderman Anglace MOVED, to recommend to the Full Board, that the firm of Levitsky & Berney, P.C. of Woodbridge, CT, be selected as the auditor for the City of Shelton for the years and the amounts indicated, as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30th</th>
<th>Annual Audit Fee</th>
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<tbody>
<tr>
<td>2008</td>
<td>$52,000</td>
</tr>
<tr>
<td>2009</td>
<td>$56,500</td>
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<tr>
<td>2010</td>
<td>$57,600</td>
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<tr>
<td>2011</td>
<td>$59,700</td>
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Funding shall be provided by General Fund Account Number 001-0300-412.30-01 for Legislative Professional Services. Further, to authorize Mayor Mark A. Lauretti to sign any and all documents to effectuate said agreement. Seconded by Alderman Simonetti.

Alderman Kudej asked, is there any discussion?

Alderman Anglace stated, the Finance Director (Mr. Louis Marusic) is here and we’d like to invite him up to discuss the item. This is the recommendation of the Finance Director. You have in front of you a summary of the proposals that were received. There were six firms that responded. You can see on the Request for Proposals #29-18 that four of the firms, Note A applies, these firms were not engaged during the fiscal year ending June 30, 2008 as independent auditors for the purpose of rendering an opinion on the annual financial statements for a minimum of one municipality with a population of at least 35,000 people. So you have four firms in effect who didn’t qualify? Is that correct?

Mr. Marusic replied, per this note, yes.

Alderman Anglace asked, you have two firms Levitsky & Berney, P.C. and McGladry and Pullen LLP that did qualify and Levitsky & Berney was $225,800 for all four years and McGladry and Pullen was $324,000 four all four years. So, Levitsky & Berney was in effect the low bidder, not essentially, but the other ones didn’t qualify under Note A, correct?

Mr. Marusic replied, yes.

Alderman Anglace stated, the concerns that we’ve had in the immediate past have been that the state auditing deadline is December 31st to submit the audit. And, these firms that pledge to meet that deadline, if they can’t meet that deadline is this subject to a written extension from the Board of Aldermen?

Mr. Marusic replied, I believe that they have to seek aldermanic approval before they go and apply for that extension. (Tape inaudible).

Alderman Anglace stated, I would like to see that in the paperwork and have it in the contract that they have to come back to us because it’s
not only embarrassing, but there’s many people in the public and the city’s financial interest is at stake. I think that we just can’t extend them an engagement letter that doesn’t tie down the date.

Mr. Marusic stated, I think what is important is that there has to be a line of communication that is established that if this is going to be the case, that they will allow you far in advance to understand why it is that they even have go down that particular direction so that there are no surprises. That’s really important.

Alderman Anglace stated, I raise this point because in the immediate past the audit wasn’t delivered when expected and there was no communication with the Board of Aldermen.

Mr. Marusic stated, I think that part needs to be emphasized in the contract.

Alderman Anglace stated, I think that if they are not going to be able to meet their objectives we need to know. And if there are going to be any extensions beyond the end of the calendar year, we need to approve it.

Mr. Marusic stated, I am making note of it and making sure that Corporation Counsel puts that in the contract.

Alderman Simonetti asked, should there be any penalty for that?

Mr. Marusic replied, no.

Alderman Simonetti stated, I see Note A and I read it and I went right to the actual proposal and the first thing is qualified firm. Why did these firms even bother to give a proposal when it’s the first item on the list?

Mr. Marusic stated, I can’t answer as to why the firms do that. I do want to comment on Levitsky & Berney. Levitsky & Berney have never gone for an extension and they audited the City of Shelton for a period of five years between 1985-1989. Then it was at the end of their five year contract that they were rotated out. They had never gone for an extension, so that speaks well of the quality of their staff. When you talk about four years you want to know that the quality of that staff is
not going to degenerate. It’s going to be high to start out with, it’s going to be high during the four years, and remain high towards the end. And a four year period is a long term commitment. It really is in terms of having all the staff and making sure that the quality of the staff is going to be there throughout. I’d like to read for the record, and this impressed me about Levitksy & Berney, this is a statement that they put in on page 14 in the bid to us and I’ll pass this out to you as I think this directly relates as to what you are talking about. I’ve highlighted an area. Well, let me read the whole thing. Let’s see. I want to read one thing that I highlighted. Levitsky & Berney says: ‘We do not subcontract, use temporary labor, use students working under internships, or pull accountants from national affiliates.’ This is the assurance that I was seeking out of all these auditors, that the quality of their staff over the term of the engagement will be assured. John, I think this is important. Their quality of staff over the term of the engagement, this is four years that they are talking about, will be assured and is becoming a unique attribute in today’s accounting firms. It’s getting harder to find this that there isn’t some degregation along the line, suddenly here, suddenly there. What this tells me that the possibility of going for an extension is going to be very minimal.

Alderman Simonetti thanked Mr. Marusic.

Mr. Marusic added, what impressed me was that this particular firm spent the most time with me personally and going through all the accounts of the city and reviewing how they were going to approach the city’s needs and really stressed the partnership that is necessary between the Finance Department and these auditors. They need access to us and we need access to them 24/7.

Alderman Kudej stated, it’s nice if they say that but how do we know that they don’t use temporary help?

Mr. Marusic replied, if they do I’m going to hear about it, because I want a list of the people. What they did here is give us a list of supervisors and their qualifications. So, I’m going to find out who the management team is and I expect that to be maintained throughout the course of the audit.

Alderman Simonetti stated, unless they specifically tell you.
Mr. Marusic replied, of course, things happen, but you want to replace quality staff with quality staff.

Alderman Anglace stated, well, they have the requisite auditing experience. They audit for other towns, the City of New Haven, City of Meriden, the Town of Hamden, the Town of East Haven, and the Town of Sherman in Connecticut. So, they have the requisite experience in Connecticut and they do both federal and state audits with (tape inaudible) being the principal component. That’s relatively new in accounting circles and most auditing firms have had to come along in the last few years, especially the auditing firms (tape inaudible).

Alderman Kudej stated, well they seem to have the right credentials.

Mr. Marusic added, their auditing staff’s experience ranges from 3 to 14 years. So, that’s what I’m going to be looking for.

Alderman Kudej asked, did they give you a list of employees names?

Mr. Marusic replied, yes, they are very well detailed.

Mr. Marusic stated, listen to this. (Reads from their proposal) ‘Our firm has had no reductions in staff within the past several years. The firms policy on notification of changes in key employees requires notifying in writing if an individual is leaving the firm, or a formal introduction to key employees prior to beginning the audit and field work.’

Mr. Marusic added, so they are going to set us up and maintain the team.

Alderman Simonetti stated, three to 14 years average is not bad.

Alderman Anglace stated, I think the key points here are the engagement letter.

Mr. Marusic stated, they say here that they can bring in people with lesser experience to the audit for training purposes but during these times these individuals will be accompanied by a supervisor or senior accountant.
Alderman Simonetti stated, so the sign-off person will be someone at the top.

Alderman Anglace stated, I don’t place such heavy importance on that because most of the information is generated internally here in the city and we provide it to them and they look at it. So, we are going to give them the information. They aren’t going to be developing it, right?

Mr. Marusic stated, that’s correct.

Alderman Anglace stated, so they wouldn’t be using somebody without experience to make judgment calls. They just can’t do that.

Mr. Marusic stated, if it got to that point then everybody is in trouble.

Alderman Anglace asked, Lou you feel comfortable and you recommends them, correct?

Mr. Marusic stated, yes, I feel comfortable with them because I’ve had five years experience with them in the past and they never let us down.

Alderman Anglace stated, this was under previous administrations prior to 1991?

Mr. Marusic stated, that’s correct.

Alderman Anglace stated, it goes back to Democratic and Republican administrations, is that correct?

Mr. Marusic stated, I don’t think both, 85-89. Hope leading into Pacowta. They went for five straight years and they were rotated out.

Alderman Anglace stated, there’s no further questions.

Alderman Kudej stated, I’m satisfied with the choice and they seem to have good credentials.

**A voice vote was taken and the MOTION PASSED 3-0.**
The aldermen thank Mr. Marusic for his time and ask him to stay for the Full Board Meeting immediately following.

**2. APPROPRIATION OF FUNDS AND APPROVAL OF CONTRACT FOR LONG HILL SCHOOL BASEBALL FIELD RENOVATION**

Alderman Simonetti MOVED to recommend to the Full Board to approve the agreement between the City of Shelton and Landscape Architect, Tate & Associates, LLC of Fairfield, CT for Regulatory Approval/Design Development; Final Design and Revisions; Contract Documents/Bidding and Contract Administration services for the Long Hill School Baseball Field Renovation at a cost of $51,250.00 with funding to be provided by bonding, pursuant to Section 7.16 of the City Charter. Further, authorize Mayor Mark A. Lauretti to sign all documents and effectuate said agreement. Seconded by Alderman Anglace.

Alderman Kudej asked if anyone would like to discuss the item.

Alderman Anglace stated, I would like to clarify a point, pursuant to Section 7.16. It is shouldn’t be read as Section Seven Point One Six but read as Section Seven Point Sixteen.

Alderman Simonetti apologized.

Alderman Anglace stated, I’m going to harp on this until no end. It’s misleading to say it as Section Seven Point One Six because somebody’s going to say it that way when it’s Section Seven Point Sixteen. It’s not a big item but...

Alderman Simonetti stated, it’s worth bringing up.

Alderman Anglace stated, I would also like to observe that Tate and Associates has a history of working with the City on a number of projects: the Riverwalk Project; the Veterans Memorial Project up on Howe Avenue; and he sits on the Conservation Commission and is very active in the City. It’s good to see what the proposal is here. He’s going to take care of the Regulatory Approvals for us, he’s going to do the design development plans, the final design. So he’s going to do the
design development, work that through everybody, make sure it’s accepted, and then work the final design and get that approved and take care of any revisions. If there are revisions later on he is going to be responsible for that. He’s going to put together the contract documents with all the subs and so forth. He’ll prepare the bidding for the purchasing agent and the contract administration services. It should be soup to nuts. It’s like having someone hands on through the project so once it gets going we should start to see it move. There’s no doubt about the qualifications of the individual, absolutely none. We have plenty of experience working with him.

Alderman Kudej stated, I’ve been working with him periodically now and I’m happy with him.

Alderman Anglace asked, and you are on the Long Hill School Baseball Renovation Committee?

Alderman Kudej replied yes.

*A voice vote was taken and the MOTION PASSED 3-0.*

*Adjournment*

At approximately 5:38 p.m. Alderman Anglace MOVED to adjourn; SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 3-0.

Respectfully submitted,

Theresa Adcox
Clerk, Board of Aldermen