

**MINUTES OF A SPECIAL MEETING OF THE TOWN OF FAIRFIELD
JULY 5, 2011**

A Special Meeting of the Town of Fairfield was held on Tuesday, July 5, 2011, at the Education Center, 501 Kings Highway East, Fairfield, Connecticut.

The meeting was called to order at 7:00 P.M. by Moderator Jeff Steele.

PRESENT: 41 ABSENT: 9 VACANCY: 0

PRESENT: Becker, Herley, Richmond, Sundman, Ambrose, Jones, Steele, Bateson, Conley, Ference, McCullough, Santalesa, DeMartino, Hug, Palmer, R. Parker, S. Parker, Garskof, McAleese, Smey, Stamler, Dyer, Marmion, Vahey, Hochberg, Hoffkins, Llewellyn, Lynch, Braun, Harrison, Hoffmann, McCarthy, Takami, Dillon, Felner, McGinty, Millington, Mirabile, Cafferelli, Farnen, Way

ABSENT: Challinor, Stewart, Varian, Gall, Brogan, DeSanctis, Schwartz, Mears, Rubino

ITEM NO. 1 ON CALL: PLEDGE OF ALLEGIANCE AND A MOMENT OF SILENCE

ITEM NO. 2 ON CALL: RESOLVED, THAT A SPECIAL APPROPRIATION FROM THE CONTINGENCY ACCOUNT BE MADE IN AN AMOUNT NOT TO EXCEED \$20,000, TO RETAIN INDEPENDENT AUDITOR KOSTIN RUFFKES & CO, LLC TO CONDUCT A REVIEW OF THE ACCOUNTING AND FINANCING OF THE FAIRFIELD METRO CENTER PROJECT SINCE INCEPTION

The Moderator moved this item as distributed with the Call, duly seconded.

Sheila Marmion, District 6, asked for a timeline for the audit report.

Mr. Joseph Centofanti of Kostin Ruffkess & Co., LLC indicated they should have a draft by July 27th.

Ms. Stamler asked if it will go to the subcommittee first.

Kevin Kiley, Board of Finance Chair, said they will audit procedures, funding, expenditures, disbursements, etc. from inception to today. There will be public meetings and the audit will be presented to the Town Bodies. He does not think the audit draft will be ready for the July RTM meeting.

Ed Bateson, District 3, said that although he would like a draft by the July meeting, he would prefer a comprehensive report by August. He asked if this is a forensic audit.

Mr. Kiley said he is not sure it's a forensic audit, but we have had an overall lack of financial information. It has taken seven weeks to compile some information. The review will include determining whether all charges were proper based upon the scope of the project and in compliance with the bonding resolutions and contracts.

Mr. Bateson asked if the auditor needs more time, money or manpower would that hold the subcommittee up. Mr. Kiley said they had worked with the auditor to come up with the amount. Mr. Bateson asked if the scope of the audit could be expanded to which Mr. Kiley responded affirmatively. Mr. Bateson noted that he sees the audit as a reconstruction of everything that has happened to date.

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Ann Stamler, District 5, asked if there is a perceived misdeed.

Mr. Centofanti explained that forensic audits are used for fraud investigation, but forensic does not mean anything is wrong. It is more thorough than regular audit procedures.

Mr. Kiley said the BOF did not use the term fraud or forensic. Its goal is to determine from A-Z what's been spent and to whom, why, when and for what.

Peter Ambrose, District 2, asked when the BOF found out the Town would no longer receive the \$300,000 for parking revenue.

Mr. Kiley said he didn't think the BOF was ever told. They were updated and given parameters of the new contract and that we were on the hook for other things. At quarterly review meetings when the train station came up the \$300,000 revenue stream was never discussed; we were only told that we were on track, under budget and things were OK.

Jamie Millington, District 9, said he did not want to rush the audit in order to meet the July subcommittee deadlines.

Cristin McCarthy Vahey, District 6, urged approval of the appropriation.

Tom McCarthy, District 8, asked if the scope of the audit will define what the overrun and our exposure will be.

Mr. Kiley explained that the BOF does not know any more than the information Mr. Tetreau provided last week.

Carolyn Richmond, District 1, asked if we are double paying for a duplicate audit.

Chief Fiscal Officer Paul Hiller explained that the \$4 million grant and the purchase of the 9 acres from Black Rock Realty were part of the state and federal audits in 2008. The vast majority are new monies that will be audited in 2011. The auditors have been onsite since May doing preliminary testing.

Ms. Richmond asked if an audit was included in the project initially.

Mr. Hiller replied no that the State of Connecticut audits the invoices received. The State is holding a significant amount of retainage. Monitoring is part of the annual audit for the three separate bonding issues and the grant under the State Single Audit. There was no specific line item for an audit fee.

Kathy Braun, District 8, asked if the \$3.75 million for 9 acres for the parking lot which was purchased in 2006, but the foundry was still there in 2008 was that in the audit.

Mr. Centofanti explained that the audit procedures would have been for the \$4 million if the purchase was allowable under the grant.

Mr. Hiller said he did not recall which fiscal year it was, but we had an obligation to demolish the foundry. \$650,000 was paid to Black Rock Realty for the demolition of the foundry which was in the \$4 million grant.

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Ms. Braun asked if this audit will include phone calls made, FOI-exempt items, etc.

Mr. Kiley explained that inception means from when the first contract was signed. He could not speak to the FOI-exempt items but indicated that the first selectman and CFO were making whatever they have available.

Ms. Braun asked if this is only a financial audit or will it include performance contracts.

Mr. Kiley explained the main focus is financial – contracts, agreements, bonding resolutions. Anything they come across is open to discussion and scrutiny. It is not the intent to exclude performance, but the main focus is financial.

Ms. Braun asked if the auditor will have access to the RTM's questions. Mr. Kiley said the BOF wants to move this along

Town Attorney Richard Saxl indicated that Black Rock Realty has also asked for an audit but could not answer as to what their financial contribution would be.

Mr. Hiller said the BOF has had two RFPs for audit services over the last five years. Under state statutes the process is limited to the BOF. The BOF has been satisfied with the work of Kostin Ruffkess.

Ms. Braun asked if they have ever worked with SVA, Attorney Saxl, Mark Barnhart or Ken Flatto.

Mr. Centofanti explained that we work with departments and employees related to what they are auditing and contact is as necessary.

David Becker, District 1, asked why Kostin Ruffkess was chosen. Mr. Kiley explained that they are currently engaged as the Town's outside auditor and they are confident in their work.

Mr. Becker asked if there were any other possible auditors.

Mr. Kiley said in his business he calls the auditors throughout the year and use them for their expertise.

Mr. Becker asked if the \$20,000 was enough. Mr. Kiley said they believe it is.

Mr. Becker asked if this audit would satisfy the requirement in the contract that there be a final audit.

Mr. Kiley said there will be duplicative work. Mr. Centofanti said the State Single Audit does not allow for a separate audit by a state department unless they are willing to pay for it. Mr. Hiller said he will receive a listing of every dollar that the State has paid to the Town that will be forwarded to the auditors. The auditor must reconcile all those payments.

Mr. Becker said to date the RTM has not received MUNIS reports that were requested. He asked if the auditors will have trouble meeting deadlines if information is not timely received.

First Selectman Mike Tetreau said they are compiling the list of 58 questions and assembling what's easy to accomplish and doable. There's also duplication between the BOF and RTM.

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Mr. Kiley explained that the BOF Chair has appointed a subcommittee to audit the metro center project from inception to present. The committee will do its work reliably, responsibly, and in a bipartisan manner.

Liz Hoffmann, District 8, asked if it's wise to use an auditor who has prior experience with some of the individuals.

Mr. Kiley replied that they have a high level of confidence in the audit firm and noted that they specialize in government auditing.

Ms. Hoffmann said there seems to be some negativity when there is a prior relationship; a potential \$12 million exposure demands an outside audit firm.

Nick Mirabile, District 9, said he supports the audit but is concerned about the time and money. He asked if the \$20,000 is sufficient for a project that has been going on for a decade.

Mr. Kiley said their intention is to review the preliminary plan and see where we are in 30 days.

Mr. Mirabile asked how many staff, hours, etc. does the \$20,000 include.

Mr. Centofanti said his firm has 120 employees, but it depends on who is needed and what their hourly rate is.

Rich Santalesa, District 3, said he is opposed to the audit since we are only 4 months from project completion. There is time to do this adequately.

Faith Dillon, District 9, suggested getting an outside legal opinion to see if the first selectman had the authority to sign a new agreement that drastically altered the contract. Revenue has been lost, we are liable for \$12 million; we were told that the taxpayers were not laying out any money on this and the RTM never had the opportunity to approve it. Anything that involves money has come to the RTM for approval and she wants to know why were not asked on this.

Kevin Hoffkins, District 7, asked how the audit will approach legal versus financial issues.

Moderator Jeff Steele said the 58 questions that were submitted were for the first selectman not the auditor. What can be addressed by the first selectman will be addressed by him and what can be addressed by the auditor will be addressed by the auditor.

Josh Garskof, District 5, asked why we want the audit in order to move the project forward.

Mr. Kiley explained that the project could be \$2 million to \$6 million overbudget and there are financial issues that need to be addressed. The train station is close to completion, but if we find there is a funding issue we need to address it so as not to allow the project to be stopped.

Joe Palmer, District 4, said that at the BOF meeting the former first selectman said he received weekly reports from STV regarding financial and environmental aspects. There still seems to be a lack of confidence in the financials. He asked what the current monitoring and reporting activities are and who is providing this information and to whom.

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First Selectman Tetreau said STV is reviewing construction on behalf of the State. They must be eligible expenses in order to be reimbursed. STV is not the project manager.

Mr. Palmer asked who is reporting to Mark Barnhart. Mr. Tetreau indicated STV and Guerrera Construction are reporting to Mr. Barnhart.

Mr. Palmer asked who is going to act on the audit recommendations. Mr. Tetreau said the Town will bring on a construction manager. The BOF will make its recommendations and those will be implemented by the first selectman.

Mr. Palmer asked what documentation will be received from the auditor. Mr. Centofanti said the BOF subcommittee will give his firm guidelines.

Mr. Palmer asked when new numbers will be reported.

Mr. Tetreau said Mr. Barnhart is working on the May numbers which should be available by Friday and the June numbers should be available by the third week in July.

Patti Dyer, District 6, asked how the information can be accessed if you don't attend the subcommittee meetings. Mr. Kiley said all meetings will be held in compliance with FOI and information will be posted on the Town website.

Kathy Braun suggested an independent counsel advising the subcommittee. The outside auditor should be someone with fresh eyes.

Moderator Steele reiterated that the questions that can be addressed by the first selectman will be addressed by him and what can be addressed by the auditor will be addressed by the auditor.

First Selectman Tetreau said the questions were submitted to the Town. There is no intent to keep them from the auditor.

Ms. Braun asked if members of the RTM will have access to the auditors. Mr. Kiley said questions should be run through the BOF subcommittee so they can manage it.

Ms. Braun asked if the resolution can be amended to delete the name of the audit firm.

Mr. Kiley said the subcommittee has confidence in the audit team.

Former first selectman Ken Flatto spoke in support of the audit explaining the project had been done in good faith and that he would provide a narrative of the project over the next few weeks.

Selectman Jim Walsh asked if STV was performing project management functions which Ken Flatto said at the Board of Finance meeting.

First Selectman Tetreau indicated that STV reports to the State. The tracking reports have come from Guerrera Construction.

Selectman Walsh asked if after the construction manager comes on board would Mark Barnhart return to his economic development function.

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First Selectman Tetreau said they want to give the construction manager all the background information they need. Mr. Barnhart has that knowledge.

Ed Bateson, District 3, urged support of the resolution explaining that we need to know where we are with the project before we move forward.

VOTE: The resolution to approve up to \$20,000 for an audit of the Fairfield Metro Center project was approved with 36 in favor, 5 opposed (Herley, Sundman, Santalesa, Hoffmann, McGinty).

ADJOURNMENT

There being no further business and upon motion made, duly seconded and carried unanimously, the meeting was adjourned at 9:10 P.M.

Respectfully submitted,

Elizabeth P. Browne
Town Clerk