



CITY OF MONTPELIER, VERMONT

- THE SMALLEST CAPITAL CITY IN THE UNITED STATES -

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**For Immediate Release
Friday, December 11, 2009
Mayor Mary S. Hooper
City Manager William J. Fraser**

CITY TO BE PAID IN FULL IN SCOTT CONSTRUCTION MATTER

The City of Montpelier will be paid in full for the loss it incurred from an overpayment to the Scott Construction Co, Inc of Newport. This morning officials from the Vermont League of Cities and Towns Property & Casualty Insurance Fund (VLCT-PACIF) informed the City Manager and Finance Director that the City's insurance claim in the Scott Construction matter would be honored and that the City would be covered in full. While full details of this decision have not been received from the insurer, the amount of reimbursement is expected to be the \$397,079 awarded to the city in a court judgment against Scott Construction, Inc. on June 16, 2009. This claim was originally denied in January of 2007.

The collection of this insurance claim coupled with the \$114,688 already received in re-payments from Scott means that the City has fully recouped the loss, its attorney's fees and interest. It also means that no water rate or general fund money was used or will be used to pay for any portion of this error. From the moment that this overpayment was discovered, City officials have diligently pursued every possible avenue for collection to assure that Montpelier water rate payers were made whole financially. Today's announcement represents the successful completion of that goal.

Thanks are due to attorneys Steve Stitzel and John Klesch from Stitzel, Page & Fletcher who pored through the city's insurance policy seeking a basis for a successful claim. We also thank the VLCT PACIF officials for working very hard to verify the legal basis of our claim. This illustrates the benefits of being a member of a municipal insurance pool owned by and operated for Vermont cities and towns.

The City of Montpelier has not limited its actions to collection of the money. On October 9, 2009 the City released a detailed account of this matter. In addition, the City posted all related documents on the web, established an independent review of the matter through the State Auditor and expanded dissemination of City information from posting the City Manager's weekly report to the very recent approval of a webcasting and document archiving system. Upon discovery of the loss, City official made revisions to accounting procedures.

Mayor Hooper stated: "As City officials we are delighted that our residents will not bear any financial burden for this error. In addition, we are pleased to have instituted important procedures for improving our financial management systems and assuring easier access to City information and transparency in our work of serving the community of Montpelier."