

**SOMERS HOUSING AUTHORITY
63 Battle Street
Wood Crest
Somers, CT 06071**

MINUTES OF THE SPECIAL MEETING – April 10, 2008

The Special Meeting of the Somers Housing Authority was called to order by Chairman, Brian DuPerre at 7:37 p.m. in the Wood Crest Meeting Room.

1. Roll Call

Commissioners in Attendance: Brian DuPerre, MaryLou Hastings, Gil Rivard, Bob Landry and Tony Pellegrino, Hon. David Pinney (Ex Officio)

Commissioners Absent: Lois Matczak

Others in Attendance: Consultant James Welter, II of Real Estate Diagnostic, Inc. and Joan Jaquith (Recording Secretary.)

§ Prior to action on agenda item # 2, Gil Rivard requested to have the floor to address the issue regarding the by-laws for Somers Housing Authority, Inc.

Mr. Rivard presented emails for the commissioners to review and he referenced areas that indicated that the original by-laws of SHA, Inc. were in the process of being revised.

Mr. Rivard stated that, to his knowledge, the by-laws dated February 10, 2008 were never approved and he cannot locate any minutes that reflect that there was ever an agenda item for any meeting of Somers Housing Authority, Inc. to approve revised by-laws. These by-laws are signed; however, Mr. Rivard stated he does not know why they were signed.

Chairman DuPerre asked what revisions were made. Mr. Rivard stated the revisions were made on pages 2 and 3 regarding the number and composition of the board and removal of directors.

Chairman DuPerre reviewed the changes and suggested that the changes were likely made by the former SHA, Inc. directors to first, remove the authority of the SHA to appoint and remove directors of the Inc. after initial appointment and secondly, to maintain power and authority over the Inc. by directors who were likely to be removed from the SHA by the Board of Selectmen.

Comments were made regarding the inappropriateness of any such proposed by-laws of the SHA, Inc.

Mr. Rivard made a MOTION to TABLE agenda item #2 until records can be found to determine the validity of the SHA, Inc. By-Laws dated February 10, 2008. There was no SECOND to this motion. MOTION DIES.

Hon. David Pinney provided a copy of the official SHA, Inc. By-Laws, signed and discussed February 21, 2007.

Gil Rivard refused to acknowledge the existing by-laws as official and ever having been reviewed, acknowledged or signed.

§ It was the consensus of the Commissioners that the project required action be taken this evening to resolve the by-law issue. The Commissioners declared that it was imperative to confirm the official signed by-laws were and remain properly in effect in order to conduct business and manage the proper relationship between SHA and SHA, Inc.

Gil Rivard challenged the validity of the by-laws and motioned several times to TABLE action on agenda item #2. There were no SECONDS to Mr. Rivard's motions.

Bob Landry MOVED that Somers Housing Authority recognize the Somers Housing Authority, Inc. By-Laws, signed and dated on February 21, 2007, as in force and no other amendments are valid. SECONDED by Mary Lou Hastings. The MOTION PASSED.

Gil Rivard MOTIONED to amend the above motion to include the changes reflected in the February 10, 2008 revised by-laws. There was no SECOND. MOTION DIES.

2. Removal/Appointment of Directors for the Somers Housing Authority, Inc. Partnership

Chairman DuPerre asked for a motion to remove any member from the Somers Housing Authority, Inc. No motion was made.

Chairman DuPerre asked for nominations for Directors to Somers Housing Authority, Inc. Gil Rivard nominated Brian DuPerre for President of Somers Housing Authority, Inc. Bob Landry seconded the nomination. Mr. Brian DuPerre was elected President of Somers Housing Authority, Inc.

Chairman DuPerre asked if there were any other appointments to Somers Housing Authority, Inc. There were none.

3. Liability Insurance (D/O) for Same – Either Proof Thereof or Authorization to Purchase

Chairman DuPerre stated that the by-laws of Somers Housing Authority, Inc. (Article 7, page 10) state that the Inc. should refer to state law to determine if and when indemnification of its Directors is proper.

Financial review by the DeMarco firm revealed that the checkbook of SHA, Inc. indicates that an

“insurance” payment/premium was made in either January or February of this year; however, coverage cannot be determined (bookkeeper will need to verify what insurance payment was made and why).

This issue will be resolved by REDI and it’s principal, Mr. Edelestein (Real Estate Diagnostic, Inc.) to insure that SHA, Inc. is fully insured as to both liability and D/O insurance. James Welter to follow through with additional research on behalf of REDI.

If needed, Chairman DuPerre suggested that Attorney Gruen, having been responsible for setting up the Inc. as a private entity, be consulted to determine appropriateness of any insurance or lack thereof.

4. Update on Construction Project

James Welter of Real Estate Diagnostic, Inc., stated that the project is going well with no major issues. The building is being constructed and the contractor is working at full speed. Closing with the investor and closing on the Rockville Bank construction loan is pending.

5. Update/Status of SHA. Inc. Documents

Gil Rivard stated that the only record he has not turned over to SHA is the checkbook. Mr. Rivard stated that as Treasurer of SHA, he felt it was his responsibility to keep the checkbook in his possession. Mr. Rivard stated that he has turned over all other records he has been able to obtain as requested. Mr. Rivard indicated that Barbara Henderson may still have some records within her possession or on her personal computer. He will follow up with her.

Chairman DuPerre requested that Mr. Rivard turn over complete SHA, Inc. financial records, including the checkbooks, to DeMarco Management Company.

Mr. Rivard handed over to Chairman DuPerre records that he had in his possession this evening but again, refused to provide the checkbook until such time that he believes it is needed by any property manager or bookkeeper.

6. Status/Review-Legal Fees and Related Expenses

Chairman DuPerre explained that there is a two-fold issue regarding legal fees and related expenses. First is the issue with legal fees that have already been incurred with Attorney Peter Gruen of Wiggin & Dana, on behalf of the SHA and the SHA, Inc. That bill now likely exceeds \$75,000. Secondly, is a new matter in regards to a secretive “legal defense fund” which was established using SHA operating funds without notice or approval of the SHA.

As to the second matter, Tony Pelligrino explained that over \$30,000 has in fact been moved from the Somers Housing Authority operating budget to an account titled “Legal Defense Fund,” which is located at the Somers Branch of Rockville Bank. Mr. Pelligrino explained that three checks in the amount of \$10,000 each were written on March 10, 13 and 19 respectively and made payable to the Rockville Bank in order to establish a new account. Mr. Pelligrino stated that he “signed and authorized” these checks at the direction of Commissioner Gil Rivard.

Tony Pelligrino acknowledged that this action was not authorized by the SHA. Mr. Pelligrino stated that he and Gil Rivard should have sought approval of the commissioners, but that he acted as a subordinate of the SHA as it's employee and Executive Director, and "just did as [he] was told."

A payment in the amount of \$10,000 was further "authorized" from this newly created account by Gil Rivard payable to Attorney Duncan Forsyth of the firm Halloran and Sage, as a retainer for personal legal services to be provided to Gil Rivard for his defense in light of actions taken by the Town of Somers Board of Selectmen, whom have sought and notified Mr. Rivard of their intentions to remove him, "for cause" from the Somers Housing Authority.

Having been prepared to address the commissioners on this issue, Gil Rivard presented documentation of a meeting that he had with officials from CHFA (Lynn Koroser and Tom Bourke) and DECD (Mike Santoro). Mr. Rivard stated that he was invited to attend this meeting to educate him on what his rights were regarding charges against him by the Town of Somers Selectmen. Mr. Rivard stated that he was advised to set-up a legal defense fund for indemnification and to do so using SHA funds.

Gil Rivard stated that he acted on that advice and "authorized the funds as Treasurer and Vice Chairman" of the SHA at that time. Tony Pellegrino stated that Mr. Rivard both directed and authorized him to allocate these funds from the operating account to a new account. Mr. Rivard stated that he acted in good faith based on the information he received regarding that he did not need any additional authorization or review from the SHA and its commissioners, believing that CHFA and DEDC oversee and regulate the housing authority.

Chairman DuPerre requested that the "Legal Defense Fund" at Rockville Bank be closed and a stop payment be put on the retainer check given to Attorney Forsyth. Any funds used by Attorney Forsyth should also be recovered. Any interest lost on SHA funds that were used to set-up the Legal Defense Fund also should properly be recovered.

Mr. Pellegrino agreed to close the "legal defense fund" account the next business day and seek the issuance of a stop payment request on the \$10,000 retainer fee check, if permitted to do so as a signatory on the account along with Mr. Rivard.

It was noted that the "Legal Defense Fund" account was established solely under the names of Gil Rivard and Tony Pelligrino, both signatories on the account.

Chairman DuPerre asked and Gil Rivard refused to close the account or recover any of the proceeds used to retain his attorney.

After much discussion, Mr. Rivard acknowledged that the funds used to establish the "legal defense fund" were not properly and fully authorized by the SHA commissioners. He also stated that he informed his attorney of that fact when he retained him for personal legal services.

Hon. David Pinney questioned the logic behind the state “authorizing” Mr. Rivard to secure funds from the Housing Authority operating accounts.

After some discussion on authority of the state and proper procedure needed to authorize such an expenditure, it was agreed that the Somers Housing Authority would need to review and properly vote, possibly by way of proper resolution, in order to ever support such an expenditure should it be presented in the future by anyone seeking to establish such a fund.

Mr. Rivard provided Chairman DuPerre with various documents for his review regarding the legal defense fund and an insurance claim for indemnification and coverage of legal fees.

Hon. Pinney stated that the Somers town attorney would be reviewing records to see if there has, in fact, been any misappropriation of funds as a result of the “legal defense fund” established by Mr. Rivard and Mr. Pelligrino.

Mr. Rivard agreed to discuss with his counsel what next steps he should take with regards to the fund and monies already removed there from.

7. FOI

Tony Pellegrino is assembling all documents requested. Hon. Pinney will meet with Mr. Pellegrino to complete the process.

The FOI request having been made by Attorney Carl Landolena, as town attorney.

8. Adjournment

Gil Rivard MOTIONED to adjourn the meeting. MOTION SECONDED by MaryLou Hastings. MOTION PASSED. The meeting adjourned at 9:18. p.m.

Respectfully Submitted,

Tony Pellegrino
Executive Director

Joan Jaquith, Recording Secretary
These minutes are not official until approved at a subsequent meeting.

April 16, 2008 Minutes approved with the following corrections:

Item #2 – Removal/Appointment of directors for the Somers Housing Authority, Inc. Partnership
3rd paragraph – “There were none.” Corrected to Gil Rivard and Bob Landry were appointed as Treasurer and Assistant Treasurer of SHA, Inc. respectively.

Item #6 – Status/Review-Legal Fees and Related Expenses
5th paragraph - “Tom Bourke” corrected to “Tom Bourque.”

10th paragraph – Statement corrected to read as follows: Chairman DuPerre requested that Gil Rivard close the account and recover any of the proceeds used to retain his attorney. Mr. Rivard deferred until he has conferred with his attorney.