

Soldiers' Home in Holyoke Finance Committee Board of Trustees Meeting Minutes

A meeting of the Board of Trustees of the Soldiers' Home in Holyoke (HLY) was held telephonically on Wednesday, April 21, 2021. The meeting began at 5:41 PM.

Finance Committee Members Present:

Kevin Jourdain Finance Committee Chairman: Cindy Lacoste, Isaac Mass

Board of Trustees Members Present:

Gary Keefe, Chairman; Mark Bigda; Sean Collins; Carmen Ostrander

Also Present:

Michael Lazo, Interim Superintendent; Stephen Giordano, Accountant, Michael Lynch, Chief Financial Officer; Michael Nelligan, Powers & Sullivan, LLC; John Bagley, Attorney; Jeffrey O'Connor, Attorney; Michael Ravosa, UBS; and Kathleen Denner, Recording Secretary

Roll Call Vote is as follows: Trustee Lacoste (Yes), Trustee Mass (Yes), Kevin Jourdain (Yes).

Pledge of Allegiance - All present recited the Pledge of Allegiance

Approval of Minutes of February 24, 2021 Finance Committee Meeting

Upon motion by Trustee Lacoste and seconded by Trustee Mass, it was unanimously VOTED to accept the unamended minutes of the Finance Committee Meeting held on February 24, 2021. Roll call vote? Trustee Jourdain voted yes. Trustee Lacoste vote yes. Trustee Mass vote yes. Minutes are approved.

Upon motion by Trustee Jourdain and seconded by Trustee Lacoste, it was unanimously VOTED to accept the UBS report. Roll call vote: Trustee Jourdain voted yes. Trustee Lacoste vote yes. Trustee Mass vote yes. VOTE is approved.

Trustee Account Review and Audit Report Review Follow-up

Trustee Jourdain does not have much to follow up on he asked Trustee Mass what is plan for next audit? Trustee Jourdain asked what should be our regular cadence for audits? Trustee Jourdain suggested one of the things we should think about with Mr. Lynch is our approach to including the Trustee's account with the state audit. The Trustees accounts previously had not been included. Trustee Jourdain would like to have that done because if not we are left with an independent review on a regular cadence. Trustee Mass asked Mr. Lynch if in the next two months something could be done internally? He also suggested we have a policy on an external audit. Mr. Giordano if the stat can do it then becomes public record. Trustee Jourdain has no prob with that. New policy has a new deceleration proposed to be public funds.

Trustee Account Use Policy including Check Signing Procedures/Electronic Bill Payments/Travel Per Diem Payments

Trustee Jourdain gave a high-level review of the policy. Trustee Mass suggested that everyone read and have Ms. Denner make part of minutes. Trustee Jourdain asked if there are any questions? Trustee Jourdain stated he is sensitive to changing other than just residents we also have a day care to consider. Trustee Jourdain explained section 16 states after all funds are exhausted then the board can be requested for financial assistance. Mr. Giordano reported that the State dues were paid with State funds. Trustee Jourdain

said we should update the word pet to service animal or comfort animal in Article 5 item 10. Trustee Mass stated we need to make sure we were clear. Trustee Jourdain questioned how the trustee accounts will be handled moving forward. Mr. Lynch said we need to take a hard look at how to manage the funds and would like a copy of the audit report to make sure we are making appropriate changes. Mr. Lynch informed the board that we have online access to the trustee account and excel sheets for review. Trustee Mass if we are moving to QuickBooks software it could be paid from trustee account if needed. Trustee Mass requested in Article 7, Section 4 to add "that has not previously authorized by the board".

Trustee Mass made a motion to amend the "Trustee Account use Policy of the Board of Trustees of the Holyoke Soldiers' Home" by adding in Article 7, Section 4 "that has not previously authorized by the board", Trustee Lacoste seconded. Roll call vote: Trustee Jourdain voted yes. Trustee Lacoste vote yes. Trustee Mass vote yes. The amendment passes.

Mr. Lynch asked if we are currently physically signing checks or accepting email approval. Trustee Jourdain would like to go back to physically signing them he explained were doing via email due to COVID. Mr. Lynch asked if we pursue accounting software would it be funded by trustee account? Trustee Jourdain replied yes. Mr. Lynch asked if the funds being expended for patient honor flights could be approved as recreational activity? Trustee Jourdain replied yes. Trustee Mass thought there was no associated cost for patient honor flights. It was explained that the chaperon or aid would have costs for attending.

Mr. Lynch introduced Mr. Cronin. Mr. Cronin is the CFO of Veterans' Affairs. Mr. Cronin stated Chelsea's policy is a little less specific. He suggested in section 15 instead of two accounts say appropriate amount of accounts. Mr. Cronin reported the State auditor cannot touch these funds, as the comptroller reviews state funds. These are private funds. When the comptroller engages audits, they are auditing a state MMARS system and the board would lose authority and control. He explained the honor flight does have a cost, the trustees cover the cost of chaperon or aid. Trustee Mass asked if Chelsea is a 5013C, he said no. Trustee Mass then asked what statute authorizes them to have the funds. Mr. Cronin said when the state took over in the 30's the funds stayed with trustees. Trustee Mass said it references in the general laws to the board receive and control funds. Trustee Mass asked if Morris and Mahoney could review the funds to see if they are public funds and if we are missing any reporting requirements? Trustee Jourdain asked if Mr. Cronin reviewed the report, Mr. Cronin responded no. Mr. Lynch will email to him a copy. Trustee Jourdain said DVS should look at how these funds operate. Trustee Jourdain wants it to be public funds not private, that state institutions should follow the public fund rules. He is trying to clean up the ambiguity. Mr. Cronin said if this goes into the MARS account then the trustees would forfeit authority control, the accounts would become state property. Trustee Jourdain said he wants subject to public accounting but not be part of MARS, he asked Mr. Cronin if he could research. Trustee Mass stated we are not filing a 990 because they are private funds and we have to make sure we are legally following the laws. Trustee Jourdain asked Mr. Bagley and Mr. O'Connor if they could help us research. They replied yes and asked Trustee Mass, Trustee Lacoste and Trustee Jourdain to email thoughts to them. Mr. Bagley will button it down further but believes it is public funds. Mr. O'Connor had looked at it previously and the trustees by statute have authority of the funds. He will review again and confirm. Trustee Jourdain stated if these are private funds this opens a pandora box of issues. Trustee Lacoste stated we are never to comingle with the state, it will make it public. These are specific for the Holyoke Home. Mr. Cronin would like it explained in reference with the MARS and will review again. Trustee Jourdain to clear up comingling issue private and state we are not comingle donor funds with state appropriation funds all are treated differently. Trustee Mass is looking to get it in writing so we can educate our partners and be able to research the implications and how does this allow us the intersection on auditing functions. Trustee Mass said we need to be clear on our legal requirements for reporting and structuring. He stated that clarifying this in writing will be helpful. Mr. Bagley and Mr. O'Connor will send to committee.

Trustee Mass requested to amend the section Article 10 Amendments to read 2/3 of the members in place of 5, in case the number of trustees' changes.

Trustee Mass made a motion to amend the "Trustee Account use Policy of the Board of Trustees of the Holyoke Soldiers' Home" amending Article 10, to read "2/3 members" replacing "5 members", Trustee Lacoste seconded. Roll call vote: Trustee Jourdain voted yes. Trustee Lacoste vote yes. Trustee Mass vote yes. The amendment passes and will go to the Board of Trustees for a full board vote.

Review of Chelsea Soldiers Home Trustee Fund policies – complete

Soldiers' Home Budget Process and Capital Plan

Trustee Jourdain asked Mr. Lynch to give an update on where we are at for FY22 budget and existing capital plan. Mr. Lynch reported the budget has passed the House and the Ways and Means Committee can still propose changes. He stated Chelsea's budget is at a higher percentage because they had a large staffing increase with new building. Mr. Lynch shared that we are receiving a 4% increase and after the Ways and Means Committee review, we may receive an additional 1 million. Trustee Jourdain asked Mr. Lynch what was the FY 21 budget? Mr. Lynch responded \$26.8. He shared the FY22 is 27.1 million and with the additional \$1 million from the Ways and Means Committee we would be at \$28.1. Trustee Jourdain asked what the extra million is for? Mr. Lynch replied there is no explanation and it is still being reviewed and changes can still be made. Trustee Jourdain asked Mr. Lynch what is the current state plans for the home and does all the capital sit on the shelf for the moment and are there any other heavy investments in the building? Mr. Lynch responded there has been no comment on senate bond bill, and the high turnover in executive staff so he is working with staff to see where the needs are. He stated that we received a significant amount for refresh project, but we are still being mindful of new building and we are still living in this building and at all times providing best care. Trustee Jourdain asked if there are any capital plans to let the Finance Committee know. Trustee Mass asked what was not submitted to the governor office that was a want and not necessarily a need? Mr. Lynch replied any items left off would put in the main appropriation fund staffing for new building and make adjustments on where funding would be identified. Trustee Mass asked if there is full staffing and should we review to see where we stand. Mr. Lynch reported that outside agencies are assisting in staffing all shifts and enough for call outs.

New Business

Welcome of New CFO/Treasurer Michael Lynch – Welcome! Thank you to Mr. Giordano for being the interim.

UBS Financial Performance Report – consolidated report –

Mr. Ravosa shared that this has been a nice year for stock market and growth stock into value this year successful. The allocations are 50% stocks and 50% fixed income, and the account is performing well. Trustee Jourdain asked if we are \$94,000 ahead for YTD., do you know what our gain was for 2020? Mr. Ravosa is on report. Trustee Jourdain said \$147,000, from April to April was approximately \$300,000 and around \$250,000 since last 14 months. Mr. Ravosa shared that the value approach is working. Trustee Jourdain asked Mr. Lynch if the current balance checking account \$400,000, Mr. Lynch will get the exact balance for the committee. Trustee Jourdain asked if we need to keep that much in account or should we invest \$200,000 into a long-term investment account? Mr. Ravosa recommended placing \$100,000 in an equity account and \$100,000 into a fixed income account. Trustee Mass asked when the checking account balance has increased do, we have a policy where the monies will automatically be transferred? Trustee

Mass asked Mr. Ravosa within in our asset and value policies we have adopted and look for investing in other veteran owned businesses, can you make a recommendation that will support the mission? Mr. Ravosa will put together a list of veteran owned business that trade. Trustee Jourdain asked if we should think about making this an amendment to the Investments Policy. Mr. Ravosa will review publicly traded companies to see how they are doing. Trustee Mass is looking for opportunities within our veteran policies. Trustee Jourdain asked Mr. Lynch and Mr. Giordano their opinion about what is the range for checking account balance? Mr. Lynch reported he will be looking at the Trustee account and determine over two years what expenses we are have from the account, so we can forecast for the budget. He would like to do a little more research on expenditures. Trustee Mass asked Mr. Lynch to look further than a year due to COVID.

Discussion of Asset Allocation/Recommended Transfers and Review of all Trustee Fund Assets

The issue around should we transfer to investment account was reviewed above.






Trustee Lacoste made a motion to adjourn the meeting. Trustee Mass seconded. All in favor.

Roll call vote: Trustee Jourdain voted yes. Trustee Lacoste vote yes. Trustee Mass vote yes. It was unanimously VOTED to conclude the meeting at 6:51 pm.

Respectfully submitted,

Kathleen Denner

Acting Secretary for the Board of Trustees

-  Attachment 1 - Trustee Account Fund
-  Attachment 2 - TRUSTEE ACCOUNT USE POLICY KJ MM PS FC - Attachment 2
-  Attachment 3 - UBS Financial Performance Report - Attachment 3
-  Attachment 4 - Chelsea - Management of the Donation Account - Attachment 4
-  Attachment 5 - Chelsea - Management of Legacy Account - Attachment 5