

**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 August 24, 2022. The meeting began at 5:32PM.

Finance Committee Members Present:

Kevin Jourdain, Finance Committee Chair; Gary Keefe; Isaac Mass

Also Present:

Matthew Bruening (IGO); John Cronin, (DVS); Michael Lynch, Chief Financial Officer; Michael Ravosa, UBS; Brett Walker, General Council; and Kathleen Denner, Recording Secretary.

Roll Call is as follows: Trustee Jourdain (Yes), Trustee Mass (Yes), Trustee Keefe (Yes).

Pledge of Allegiance - All present recited the Pledge of Allegiance

Approval of Minutes of the May 23, 2022, Finance Committee Meeting

Upon motion by Trustee Mass to approve the May 18, 2022 Finance Committee Meeting Minutes and seconded by Trustee Keefe. Roll call: Trustee Mass (Yes), Trustee Keefe (Yes), and Trustee Jourdain (Yes). It was unanimously VOTED to approve the minutes from the Finance Committee Meetings held on May 23, 2022.

Soldiers' Home Budget Process and Capital Plan

Mr. Lynch updated the committee on the budget. He continued that we are still at \$29.7 million for FY23 with almost 2 months completed into this fiscal year. He shared that we were able to finish last year very strong with a personal goal of reverting less than 2% of our budget back to the General Fund. We have utilized every dollar that we had and covered a lot of the agency bonuses that went out to staff for covering weekend shifts and the increase in hourly rates that we discussed before stabilizing the workforce and not only the Soldiers' Home but all 24/7 healthcare facilities within the States Homes.

Mr. Lynch is very proud of his team and how they handled the time while I was on leave since the last week in May and came back last week in August, so I missed the end of the fiscal year but we were able to plan ahead. We have great deadlines in place for incumbents deadlines in addition to those set by the comptroller. So we were able to plan ahead, focus on the things we need to stock up on certain supplies to get us through the summer months so we are in a good position here and I want to always improve and make advances where we can. He is thrilled with how the last three weeks have gone we have made a ton of progress in certain areas.

Mr. Lynch reported that on the budget side he created departmental budgets which is something the Soldiers' Home in Holyoke has never had. He continued that a lot of

department heads are used to seeing what their operational budget looks like. We have never had that so I have built all those out and what comes with that also is a lot more detail management with my accounting staff. He continued that there will be mid year budget meetings with department heads to go over expenditures against the budget to see if there is any fluctuation similar to how we look at our spending plan and make adjustments that are needed. He created an exercise for capital projects so if a department head has an idea or any staff member they can work with their team to have an idea on a project that would add value or that the Home needs to focus on they put it on this exercise and we review it and decide whether to allocate funding toward the project if it is within this fiscal year if not we have it on a list planning for next fiscal year. This is a great strategy for how we can track not only capital projects that include a onetime purchase of medical equipment and things like that, usually it is a high dollar amount anything over \$10,000.

Mr. Lynch shared that the spending plan for the state appropriated funds are due on September 1 so the departmental budgets that I have felt are going to be lumped together and I will build out the spending plan and will submit that on time.

Trustee Jourdain asked if Mr. Lynch if he has a line-item list on the Capital plan that you could share at a future meeting with the name of project, a dollar amount, and a projected implementation date so we can keep a running list of the items over \$100,000. Mr. Lynch replied yes, he can give a brief description of what the project is, the time it will take to complete it, the costs, if we have quotes already for the project or if it requires a study. He continued those studies related to DCAMM funding adds a lot of time for completion and once we have reviewed these projects and allocated funds for this year he will share with the board. Trustee Jourdain added if you have it sooner then we can discuss at the full board meeting in September.

Trustee Jourdain asked if there is any news on what the final numbers were leftover on our retained accounts. Mr. Lynch replied that we will have just over \$350,000 in the license plate fund and this account is retained revenue, so it rolls year to year. He continued that last year the Commonwealth was able to generate just over \$400,000 that built into our strategy to fund capital projects that is written in the legislature so that is a great resource to supporting our operational budget which is another appropriation but also funding these types of capital projects that I mentioned.

Trustee Keefe asked if we qualified for any of the COVID funds that are in the state, a lot of the cities and municipal are having trouble executing COVID funds with projects. Mr. Lynch replied that the Home received and expended just over \$2.2 million from the original CARES Act that came out just after the pandemic began and expired at the end of FY21. He continued that he had only been here for a couple of months while those funds were active and that we are still working with FEMA and their provider group on seeking any reimbursement, and additionally the Federal VA awarded \$2.4 million in two separate one time grants relating to COVID19 and to support operational expenditures that also work with Capital Project Planning over multiple fiscal years, including some of the projects I have mentioned like the façade improvements, the

security project and possibly new vehicles for the fleet. Trustee Jourdain asked if at the next board meeting if he could do a high-level breakout of those two and say what did we do with those funds. Mr. Lynch shared that we have yet to expend a dollar out of the VA grants, so the \$2.4 million is still available and the \$2.2 million has been expended for various amount of things a lot of them focused on the refresh and our immediate response to COVID at the Home. Trustee Jourdain stated that Mr. Lynch said that the money expired on June 30, 2022 and Mr. Lynch replied that it expired at the end of FY21.

Trustee Mass stated the Mr. Lynch has mentioned on a number of these meetings related to budget that you try to stock up on a lot of nonperishable items to make sure we have plenty. He is wondering if we are we tracking loss, breakage, shrink that is going on. In his experience in other portions of government teaches me that people stock up on items that they think are nonperishable that turn out to actually be for example pens that dry out. Trustee Mass continued that you would not think they dry out buy when you buy a million of them they eventually they do. He asked Mr. Lynch if he is tracking loss. Mr. Lynch stated that we seek multiple quotes for different products, so it is very competitive process we use statewide contracts where the rates are already factored in through OSD. He continued that we do not track shrinkage or loss that we have gone through all of our inventory, and we know exactly what we have. Mr. Lynch reported that we order routinely, and we can forecast what we need in terms of our inventory needs and from a supply perspective we have never had a concern other than PPE because even as you mentioned PPE is expiring like masks and hand sanitizers go bad at a certain time. He continued that some items purchased in 2020 have now expired. Trustee Mass said I guess that is my question how much of it has expired and are we ordering too much and are we wasting money. Mr. Lynch stated that in prior years items were ordered in the event of an emergency such as there was a scabies outbreak so a bunch of clothing was ordered in case it spread but it did not there a number of items that any agency will go through to make sure that you have a contingency supply on hand and of course it is going to expire. He continued that another example is the emergency water source, we have to have a supply of water and that even expires after time, this is just part of our normal business. Trustee Mass stated that this is a concern to him. He continued I understand the idea that you need to have reserves and that there are huge supply chain issues right now that you want to be cognizant of and make sure we can get things in a timely manner, and I still think good idea to start tracking that. Trustee Mass stated that water is a good example if you think it is going to become non-potable there are different places where we can deploy that into the community whether that be homeless shelter, hospital for items like hand sanitizer. He continued that tracking when it is going to expire and making sure it does not sit on the shelf and waste and making sure that we are not putting ourselves in a position where we are wasting funds and I am not saying we are doing any of that now but having some data would help us think about those issues. Mr. Lynch replied that the next time Trustee Mass is in Holyoke he will take him down where we store out inventory and I want to be very clear that we are not wasting products, we order with efficiency, and we are using efficiently and we make sure that our teams have exactly what they need to do

their jobs with. He continued that something like water, I would not want to give expired water to anyone so properly we would dump and purchase new water and the cost of emergency water is less than \$2000, so the waste that we are having financially I understand the concern and I would love to give you an overview and how we are able to forecast it. Trustee Mass said that he would love to come down and look at it but numbers would be more helpful to me because looking at a supply closet does not tell me what is being thrown out. Trustee Jourdain asked if we track what we throw or give away. Mr. Lynch replied that there is a process in place that any item that has a Commonwealth of Massachusetts inventory tag on it that you have to go through the proper procedure in order to remove from your inventory or to dispose of it. He continued that we follow all those procedures regarding any items that we dispose of. He also shared that we do not have a list going or submit it to a group to review. Trustee Jourdain shared that is what we do, we give thoughts and suggestion, so this might be something to consider. He continued that water is not going to have an inventory control tag on it and it does not sound like you are doing much but even if it is \$5000 a year of everything, when you consider the sheer amount of money we spend here.

Trustee Jourdain asked regarding the VA grant, while not spent yet, what is the intent for the \$2.4 million? Mr. Lynch replied that \$700,000 is specifically to plan, prepare, or respond to COVID19, the \$1.7 million is to support the operational needs of the Soldiers' Home. He continued that the plan was to utilize any capital projects that I mentioned earlier and future project. We will have these funds available over a multiple year basis.

Non-veteran license plate inquiry. Discussion of potential fundraising alternatives.

Trustee Jourdain stated that we need to think about this some more.

CFO Annual Evaluation – completed

Trustee Jourdain shared that we did the annual CFO evaluation and gave to the chairman from the Finance Committee members. He continued that it was very positive with some suggestions. Trustee Jourdain said it was submitted on June 7 and were given to the chairman and had some trustee input on Mr. Lazo evaluation for the year. Mr. Lynch shared that he truly enjoys working with the Finance Committee and a lot of progress. He has sat with Mr. Lazo and is up to date on his evaluations.

Tower Revenue opportunities for current building and new building. Ensuring these opportunities are incorporated in the building design.

Discussion with DCAMM.

Trustee Jourdain shared that we had the discussion with DCAMM and there was additional feedback given afterwards in a memo from the DCAMM person that there is no need for these services anytime soon, that they did not think that there is really any vendor out there to put up there and maybe they do not want to do this. He continued they may not want to incorporate this into the new design, and it seems like you would

like to retro fit for the future capacity and capability of doing it in the future even if we just allot the space to do it. Trustee Jourdain stated that today there is not an immediate cell phone vendor that wants to be there but who knows what 5-10 years can bring. Mr. Lynch replied that he was left with the same information, the follow up email that stated the market is saturated regarding new cell towers. He continued that we will still have local antennas so we can still support local agencies and the revenue amount is just under \$1,500 annually.

Review of FY23 Trustee Fund Spending Plan/Budget

Mr. Lynch reported that we have the approved FY23 spending plan for the trustee fund in place with a total budget of \$86,420. He continued that to date we have spent \$12,500 which is 14.5 % of our budget, not factored in proposed expenditures for September, we have standard expenses for bingo and entertainment with one special birthday bingo that had a matching donation, we have had some inscriptions, automatic withdrawals for QuickBooks services, the use of legacy reserve for \$10 Canteen coupons for veterans.

Mr. Lynch reported that donations for July were just over \$1,800, our current balance \$255,502.94 as of earlier today. He continued that the one area I would like to amend and I am asking the Finance Committee to review relates to bingo, I sent an email on July 20 regarding the Canteen so this flows into a later item with the OIG report. Currently we have used Canteen funds 3-4 times a week for about \$15 a time for additional bingo for veterans so I am requesting the board to assume those additional bingo activities and their costs which would amount to an increase of \$2,640 to the bingo line item, we could reduce the legacy reserve amount to fund this if we did so. Mr. Lynch informed the group that we currently expend \$100 a month so I would ask the actual costs of bingo to equal \$160 this would remove this type of funding activity from the Canteen fund. Trustee Mass asked if the Canteen is running at a profit or a loss or does it break even. Mr. Lynch replied that he would have to look at some numbers for that. He continued that the Canteen is running an activity every day and revenue is moved into the bank account and I would have to look at supply costs, staffing costs, equipment that we have purchased for it against the sales, but again more to come on the OIG report. Trustee Jourdain stated that the OIG throw some big numbers up allegedly that they are sitting in these balances. He continued that there are two accounts, as of two years ago, one of them was for \$94,185 dollars and the other account for the Canteen had \$52,138 and then there is something called Lottery checking account, as of 2 years ago had approximately \$180,000 in it. He continued that it said that there was rarely ever money coming out of the Lottery account and then building up a big balance. Trustee Jourdain said I guess my question is what are we doing with all those monies and it goes to the question of why do we want to use the trustee account, what are using the Lottery account for, what are we supposed to with all the money. Mr. Lynch replied that the OIG report identifies a number of findings specifically the Canteen and Lottery stating the Home does not have the authority to operate these two types of services. He continued that since that report came out we have looked at options that we have which are to close operations of those two services, to continue them and seek compliance with Massachusetts State

Finance Law, or seek their operation through a third party. We are exploring all of our options regarding the Canteen and the Lottery but those two funds are State of Massachusetts revenue and as revenue it should properly be moved to the general fund unless a trust is set up. Mr. Lynch informed the group that these activities that a trust would be approved and want to make sure that we are doing the right things and seeking to become compliant. He continued that we already fund bingo out of the trustee fund, and it is an activity directly for the veterans and the additional \$60 a week so \$240 per month with a new request every month for bingo of \$340 totaling \$2,640 annually. Trustee Jourdain stated the logic behind this is because the Canteen fund you have frozen everything there cut down the use of the Canteen. Mr. Lynch replied that the Canteen is open, we are seeking options to maintain the use of it so there is more to come, and I can speak of it at a later date or in executive session. Trustee Jourdain asked if it fair to say that you are trying to do this as an interim situation until we can figure out what we can or cannot do with Canteen money and the Lottery money. Mr. Lynch replied that to the Canteen funds that these bingo costs are funded by the Trustees Fund going forward. Trustee Jourdain is suggesting trying to figure out what are all the other funds going to be used for in the future, if it is a compliance issue and we are doing something we should not be doing because of the OIG, we need another month to figure this out and help out is one thing and I am happy to support on a part time basis for the next two months and then you can report back and let us know the game plan for the Canteen and the Lottery and how we are fixing it over the next couple of months. He continued that at that point we could say all right we have this extra Lottery that we could some bingo programs and then we revisit the topic so we can keep the services going without making it a permanent, in a few months review and see if it needs to come out of the account. Trustee Jourdain asked if bingo makes any money. Mr. Lynch replied no it does not make any money and on your last point if the Finance Committee were to ok to move forward with this on a condition basis. Trustee Mass commented that this is a complicated situation, what else historically have these accounts been paying for and what are you doing for those expenses. Mr. Lynch replied that the OIG report references that proper procurement procedures were not followed with expenses relating to the Canteen and the Lottery funds. He continued that the Canteen fund revenue previously was funding the supplies and food items it need to operate without following proper procurement. Mr. Lynch reported that beginning this fiscal year back to July 1st we have made sure that any type of supply or service we have used State appropriated funds and we followed procurement procedures. Trustee Mass asked if you are not spending any of the money coming into the Canteen. Mr. Lynch replied not this fiscal year. Trustee Mass asked if we are charging the veterans for items that they get at the Canteen. Mr. Lynch replied veterans and staff are charged for what they purchase. Trustee Mass stated that this will go back to the general fund. Mr. Lynch replied yes that this is one of the options. Trustee Mass asked if the OIG make any finding on how state treasurer approved to have Lottery if it did not have the statutory authority to do it. Mr. Lynch replied that the report did not get to that level of detail or made any reference to that happening, we are looking at our options and I am working with the comptroller on the next steps there are a lot of moving parts and at the root of it we are trying to maintain compliance. Trustee Mass stated that no staff is paid out of Canteen. Mr. Lynch

shared that the staff that work there are funded with state appropriated funds. Trustee Mass agrees with Trustee Jourdain that he does not mind doing it for a couple of months, I would like to see a more comprehensive plan and I know there are a couple of different ways and to bring a contractor in to run it for you seems like an easy fix and they are going to want a profit to do it. He continued that he takes the position of the OIG did a report they could not find any authority for this so I think it does not exist, while we make mistakes so the OIG can too. Trustee Mass shared that this could not have existed for as long as it did and the way that it did without some approval at some time and the failure to find it does not mean it does not exist.

Trustee Mass asked for if we need a motion. Trustee Jourdain made a motion for September, October and November to authorize an additional \$240 per month for bingo. Trustee Mass seconded. Discussion. Trustee Keefe agrees that he wants to see what Mr. Lynch and the team comes up with because the general council at the OIG does not set law, so it is totally different if it was coming from the attorney general's office. Roll Call: Trustee Mass (Yes), Trustee Keefe (Yes), Trustee Jourdain (Yes). The motion is approved unanimously.

Trustee Jourdain stated for a housekeeping item he noticed that he put May1 8 for the last Finance Committee meeting and it was May 23.

Update from CFO on status of tablet access for all residents-Completed

Trustee Jourdain shared that they received a report that there were 170 tablets available, and 38 veterans have or are using the tablets and everyone is being asked if they would like one. He continued that there was some discussion about programming on them and factory resetting and cleaning some. He asked Mr. Lynch what more can we be doing to get the word out there that we have these available. Mr. Lynch replied that Trustee Jourdain had hit on all the points, Trustee Mass and I have discussed a number of times about additional programming so we are looking into a house wide Netflix account that can easily be added to the iPads. Mr. Lynch reported that all those who want one have one and new admissions are asked if they want one and we have a surplus available. Trustee Jourdain asked if we are doing an effective job. Mr. Lynch shared that this falls under Ms. Feyre and the recreations team and they do a fantastic job engaging with the veterans and making sure they have supplies. He continued that on the digital programming there are an additional 270 either channels or games have been added to the IN2L programming. Trustee Mass asked Mr. Lynch if he has a contact at Netflix, Mr. Lynch replied no. Trustee Mass said he will track down a contact for group sales for accounting and he will look into it and reach out to him.

New Business

Review of UBS Fund Performance and Westfield Bank Checking Account balances

Mr. Lynch reported that we have a balance of \$255,502 as of today at the Westfield Savings Bank and expenditure this fiscal year so far are subscription services,

memorial services, bingo, entertainment and IN2L annual subscription and Canteen coupons.

Mr. Ravosa reviewed the investment account page 2 this is our asset allocation review. We have been ticking to the 50/50 representing in cash and bonds and 50% in stocks. Right now we are almost 1% in cash point, 46.67% in fixed income and 52.46 in equity. Looking at the breakdown each asset category, except cash, we are diversified. He continued that the stock representation it is mostly a large cap portfolio, this portfolios in terms of the equities are dividend-based value portfolio the stocks in the portfolio not only pay dividends but have a history of raising their dividend every year which when we get into the numbers and returns, that is why we are not capturing all the downside.

Mr. Ravosa reviewed the portfolio value and investment results on page 3 stating this goes over the investment results in 2021 we were up 11.47% the previous quarter we were down 7.4% and the rolling twelve months we were down 3.8%.

Mr. Ravosa reviewed our expected cash flow on page 4 and you can see we have \$73,384 coming in the next 12 months in the forms of dividends and interest from our bonds. Trustee Jourdain stated that this page is important by properly investing not just capital appreciation, we are talking about income to the supplemental to the donations, the goal is to build this cash flow up to augment donations that we receive and continues to build and becomes a monumental endowment for the Home. Trustee Jourdain asked Mr. Lynch what is our projection on amount of money we bring in donations. Mr. Lynch shared that prior to FY22 we averaged about \$150,000 and FY22 was maybe \$40,000. Trustee Jourdain stated that we need to work on building that back up and hopefully that is not going to be permanent decrease in the amount of donations we are getting. He continued that his point is based on prior donations we would be currently bringing in \$150,000 and making \$75,000 in investment income so we are actually bringing in a little under \$250,000 into the account on the revenue side and donations account we are seeing two-thirds of revenue and our investment income is approximately one-third of our total revenue. Trustee Mass asked what the percentage of those who were repeat givers. Mr. Lynch replied that he does not have a percentage but from what he has heard from the staff who receive their donations from the routine groups that we work with is that there are a number of routine donors, as we were just discussing bingo, the Mass Elks has done a great job of donating and covering bingo costs, there are a number of groups whether it is an annual donation or a monthly that are repeat and it is a significant percentage. Trustee Mass would be interested in finding out who is not giving and try to figure out why, is it COVID related or family members or individuals because of publicity. He continued that there are different reasons and identifying where we are taking the biggest hit and because you can't solicit it falls to the board to do something or hire an outside firm to do a gap campaign, we can't solve if we do not know what the problem is. Trustee Jourdain asked if Mr. Lynch could you look at the prior 2 fiscal years and try to figure out who stopped giving or what categories of people stopped giving and see where we can bring back up FY23, Mr. Lynch will take a look.

Mr. Ravosa reviewed our equity sector analysis page 5 and this compares the sector analysis to the S&P 500 index and our bond maturity schedule. He continued that we have had some bonds come due this year and you will see we have bonds coming due and that is good because of where interest rates are.

Mr. Ravosa reviewed our performance by account on page 6 and showed us the summary of performance by account we have two accounts on is equity driven and one is the fixed income account. He continued you can see that the total portfolio for 2021 the stock portfolio did was 22.9% and the bond portfolio was down .78% and we returned 11.47%. Mr. Ravosa showed that the benchmarks for the year 2021 the Tbills return .04\$ and the actual bond index loss of 1.54% and the Dow Jones was up 21%, the international stocks were down a little over 6%, the NASDAQ was up 21.3%, the S&P's up 21.7%. He continued that you can see in the one year our stock portfolio is down .08% where the stock benchmarks are down considerable more and the bond market is down 6.99% in the last twelve months and the bond index is down 9.23% so we have been able to do a lot better than the benchmarks. Mr. Ravosa stated that we have been able to do much better than the benchmarks and especially on the stock side using the value approach and using dividend bank stocks and having all the cash flow, has been a good buffer. He continued that it has been extremely volatile and will remain through the end of the year. Trustee Jourdain asked why do you feel the bond is doing so poorly. Mr. Ravosa replied that it is the rising of the interest rates and we have not felt any pain in bond market for over 10 years since people have seen any volatility. He continued that the bond market try to act more accordingly. There was an article in the Wal Street Journal last month that said this has been the most volatile stock market the since 1929 crash but overall, he is pleased how the portfolio has held up. Trustee Jourdain asked if Mr. Ravosa could you come to the full board, Trustee Keefe added the date is September 13.

A review of any new requests for expenditures from Trustee Fund

Mr. Lynch stated the standard requests,\$100 for bingo with added \$240 for a total of \$340, entertainment is \$3,700 for the month of September. A motion to approve was made by Trustee Mass and Trustee Keefe seconded it . Discussion. Trustee Mass would like to see a poll of the veterans to see how they feel about entertainment, both the quantity and the quality. He would like to get a feel overall how they would rate it and if they are being over programmed or under programmed. He continued that he has seen the list and I know some of the performers and I question the quality of a couple of them, which is not to say that that market might not love them but I also deal with a lot of older groups that book entertainment and would never book some of those. He is worried that we have a captured demographic, and they would be happy to have anything. Trustee Mass stated the money is not the issue because that is what the money is for, their quality of life. He wants to know if we are spending enough or enough to get quality, and would they be happier if less entertainment, but it was better quality. He continued that it would be interesting to get a poll of the actual residents, a 2-3 question poll. Mr. Lynch will see if we can arrange a poll to look at some of those number. He continued that cost wise this is the most we have spent on

entertainment in one month, and there is some specialty entertainment for the locked units. Mr. Lynch thinks we can put some of that together. Trustee Mass is hoping it reconfirms that we are doing a great job.

Mr. Lynch reported that every donor receives a thank you letter signed by Mr. Lazo. He continued that we get a lot of phone calls, and you know that we have reorganized the funds either donating restricted or unrestricted. Mr. Lynch stated that a lot of donations go to the veteran funds because they know it goes directly to the veteran.

The motion is on the floor, noted above. All in favor Trustee Mass(Yes), Trustee Keefe(Yes) and Trustee Jourdain(Yes) for expenditure request of \$3,700.

OIG Audit report dated 8/5/2022 – review of report, recommendations and next steps.

Trustee Jourdain stated that we had touched on the OIG report at the last full board meeting with a great number of opinions on this raised in this. He continued that this dives into a number of different areas at least as it relates to the trustee fund. He continued that it seems that OIB would want more statutory authorization for us to hold invest and spend donated funds. The new state governing legislations, thought was very good in making clear that the board oversees and manages all these funds, but it seems that the OIG is looking for additional wording relative to the holding, investing and spending funds.

Trustee Jourdain also noted that the other item was a lot of in-house stuff that really is not the board, i.e. using MARS system, following the comptroller accounting rules, making sure we are using state approved financial institutions. He also shared that we have the Canteen not something the board keeps a close on, the Lottery but obviously the trustee account is so big and in our wheelhouse of responsibilities and we want to make sure that all i's are dotted, and t's are crossed and the personal needs account of the veterans. Mr. Lynch stated that he read through the 14 page document and gave a few areas we are exploring our possibilities and we want to make sure we are following best practices, adhering to state finance laws and regulations, and following any type of reporting requirements we need to do maintaining the internal controls that refers to day to day duties. Mr. Lynch believes that there are options within our control that we can make adjustments to. He continued that they are working with agencies like the comptroller's office and we have had some initial discussion on the Lottery and what we can do and the Canteen. Trustees have made a number of improvement policies and procedures for trustee's funds and the new legislation plays a part in that discussion. Mr. Lynch explained that the patient funds are required by the VA so that is something we are always going to have but that is something we can easily maintain compliance with and create a couple of policies to maintain proper internal controls on what we are doing with something as simple as segregation of duties and how we are handling those types of accounts. He continued that we could work with a 3rd party auditor to review those accounts. He stated if we need to say that they are regularly audited and reporting to. He shared that all of this is in the report at the end of the report under the filings section. He continued that the Canteen has been operating for a

long time and receiving donations for a long time and what the refer is that we area able to receive donations, it is the other items regarding retaining, investing or expending them that are cited in this report. So we are looking at all of our options and it is not like we are tying to drag our feet, when this came out we immediately started to have discussions and figure out what we need to do to maintain the services. The veterans and the staff love the Canteen and enjoy playing the Lottery. Mr. Lynch asked so what do we need to do to make sure we are following what is required of us now and in the future so there are going to be new policies that we build and implement and we are looking at ever process and the discussion in transferring of bingo costs and not using the Canteen fund. He continued to say that we need to make sure we are using state appropriate to follow proper procurement procedures regarding the operation of the Canteen. We have already made some improvements; we want to do everything we can to make sure these operations that we want to continue and checking all the boxes they need to and appropriate parties signoff on them before to make sure we are all set. Mr. Lynch told the group that these were all in place before I got here, and I have been here over a year and a half. He said that I appreciate what an audit or a review can do and it will identify an area that you need to review and say amend or upgrade and most time you will never have a perfect audit but I have had a vast experience with audit groups so I am very confident in our team and our ability to move forward but again we are in the early stages of this and trying to figure out what all of our options, and we would love to continue to operate Canteen and Lottery. Mr. Lynch stated that we are always going to have those so that is more of an internal fix, and the trustees fund very clear in the report that in the period that they investigated that there were a number of areas we can improve on since the end of this period they investigated the board has made a number of improvements regarding the trustee fund. Mr. Lynch shared that we are going to work together to correct it the best we can and once we do we will have a positive future ahead of us, we have made a lot of progress on the state appropriate funds and if we can address with what is identified here in the time line the legislation plays part of it. Trustee Jourdain hopes by the next Finance Committee meeting in another month from now we can think about the way forward and we can figure out where we are going with it all. Trustee Jourdain stated that his first observation that they make little mention of Chelsea and they have operation in a similar way like us and I am intrigued about they did not take more of a dual approach and say Holyoke and Chelsea need to do this so if they are doing it the right way then why don't we just change it to what their way. He continued that it seems like we are doing things similar so we will look for you guys to get this buttoned up and if we need to do a few things here, the heavy lift, as it relates to the trustee account, I know has been done and the thing I find marveling was that this facility has been operation since early 1950's and it is now just coming up as an issue. We saw the trustee account need to put in place and if they want us to have an actual state legislature that we hold, invest, and expend sentence and donated funds. They use the words supervise and manage the funds is the board duty so certainly they are in favor of that. It will be interesting to see how the money is collected for the Canteen and Lottery and how it shakes out, reserve accounts at the facility keep in Holyoke and not go out into the abyss overarching keeping as much as business as usual, to make life enjoyable for the resident, Trustee Jourdain stated that he does not the OIG want lost that either they just want to do these other

pieces. Trustee Mass asked Mr. Lynch that it sounds like you are taking this report as gospel so I have a two part question of the review process that you are doing having our new counsel reviewing the report to see if they are right and we obviously want to do what is right but if we don't do anything what happens, are we reaching out to Chelsea to see what they are doing. Mr. Lynch replied that legal counsel has reviewed the report and they have researched what they have identified in the report whether they see anything, from a legal perspective, correct or not correct. He continued that as good stewards and partners Chelsea has been made aware of the OIG report and I cannot speak to any action they have taken on it but I know that they are aware of it and these reports are posted on line and it is a public record. Mr. Lynch clarified that he is not reading like it is gospel I am reading it and taking a good look at our operations, and I know where we can make improvements and some are identified in the report. Doing the right thing, that is at the root of who I am and what I want to do by doing the right thing and from a finance perspective we have a responsibility to the taxpayers, the veteran community and those who have donated to the Home to do the right thing. He continued that that is at the core of what I want to do and how I want to respond to the OIG report. Mr. Lynch stated that no one has mandated in this report that we make any changes. The OIG has their investigation, and they make it public in this report. Trustee Mass would be very interested in a future Finance Committee meeting to have counsel come and give us their opinion. Mr. Walker replied that he is happy to schedule an appointment with you. He continued that he has been working with Mr. Lynch and Mr. Lazo and his counterpart at Chelsea and also Mr. Deacon. He shared that he is actively engaging and exploring options and after more analysis he would be happy to present to you what we have been looking at. Trustee Jourdain asked if Mr. Walker could check in with him before the September 21 next Finance Committee meeting to see if he is ready to discuss. Mr. Walker will reach out. Trustee Keefe said the OIG they did a good job and gave us a checklist of what to look at, they have findings but we did not violate any laws so as long as we look at what we can fix and not take anything away from the veterans..

Mr. Lynch let the group know the budget director position went through the interview process and the panel has chosen not to hire, so the position is being reposted.

Trustee Keefe stated that when he has been to the Home to listen to speakers, and it was very hard to hear so if Mr. Lynch could take a look at pricing out a new audio system for so the veterans can clearly hear.

Trustee Keefe shared that in July a new policy for state vehicles came out and if you have to replace a vehicle you have to go with an electric, hybrid then you can go to combustible. How are we going to come up with the charging stations and expenses. Also, does the State purchase for the Soldiers' Home vehicle plan.

Mr. Lynch will look into speakers and regarding the fleet we have been aware of the requirements for electric or hybrid vehicles and have been in communication with the office of vehicle management on replacing multiple vehicles within our fleet. He continued that we have 7 vehicles with 2 large capacity transportation. We have had

discussions on what types of options are available. He stated that OVM has the number of vehicles that they can preorder for agencies of the commonwealth, and even they are dealing with some of the issues that we have dealt with in the private sector regarding getting vehicles and having a good amount of inventory available. He continued that regarding the charging station install but are a part of the new building. We are exploring these options and we would want to make sure we get a hybrid or electric vehicle for where it makes sense the trucks could be challenging.

Trustee Jourdain could you give us a list of the vehicles, milage, age. Mr. Lynch will provide.

Trustee Mass stated that it is hard to find good accounting professionals in the government sector. He wanted to pass along a recruiting tool Mass Municipal had a lot difficulties finding town accountants and other professional who are trained appropriately so they started running schools out of Suffolk and Northampton Senior Center so maybe we can get a flyer up there.

Motion to adjourn was made by Trustee Mass and seconded Trustee Keefe. It was unanimously voted to adjourn the meeting at 723 pm.

Respectfully submitted,

Kathleen Denner
Acting Secretary for the Board of Trustees

Attachments:

