

**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, May 19, 2021. The meeting began at 5:40 PM.

Finance Committee Members Present:

Kevin Jourdain Finance Committee Chairman: Cindy Lacoste, Isaac Mass

Also Present:

Michael Lazo, Interim Superintendent; Stephen Giordano, Accountant, Michael Lynch, Chief Financial Officer; John Cronin, Chief Financial Officer, DVS 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 April 21, 2021 Finance Committee Meeting - Postpone

Upon motion by Trustee Jourdain and seconded by Trustee Mass, it was unanimously VOTED to postpone the approval of the minutes from the Finance Committee Meeting held on April 21, 2021. Roll call vote: Trustee Jourdain (Yes). Trustee Lacoste (Yes). Trustee Mass (Yes). Approval of April 21, 2021 minutes postponed till the next Finance Committee Meeting.

Old Business:

Soldiers' Home Budget Process and Capital Plan

Trustee Jourdain asked Mr. Lynch where are we with FY22 budget, timeline process and can we have input? Mr. Lynch replied this past week The Senate Committee on Ways and Means released the FY22 budget and confirmed the additional \$1 million totaling \$28.1 million for main appropriations. He also shared the budget was then sent to committee to debate funding differences, and then they send to Governor for signature and we are on track for a normal year. Mr. Lynch added DCAMM has made a significant investment in Holyoke. Mr. Lynch reported the capital plan is still in the refresh project and nearing the end in 2-3 months and once it is complete, we can take a good look at facility and start the capital campaign for the opening of the new building. Trustee Jourdain asked what the timeline is for completing the refresh? Mr. Lynch said the projected timeline is August for completion.

Trustee Jourdain asked for an update on the EMR on capital plan. Mr. Lynch replied at this time there is nothing official to report, it is still in negotiations.

Trustee Mass asked Mr. Lynch see a side by side budget with Chelsea, so we know where the disparities are at. They are CMS certified so they may have invested for that to understand why the differences. Mr. Lynch replied yes, and the influx is due to increasing staff to support the new building. Trustee Jourdain asked Mr. Lynch if he needs anything from the committee? Mr. Lynch replied thank you for the support, we are confident with the funding from DCAMM and Federal VA we will be able to do everything we can.

Trustee Jourdain shared that the Massachusetts Police came out with a new security plan and there were a few items suggested in that report that were noteworthy.

Trustee Mass asked about creating new programming and closing domiciliary and should there be resources in place for those during these transitions. Mr. Lynch replied there have been discussions regarding a strategic plan that works in line with those suggestions. Trustee Jourdain asked if we will be able to retain revenue leftover from the license plate account? Mr. Lynch said the license plate account amount will be able to be rolled over into the next fiscal year.

New Business:

UBS Financial Performance Report

Trustee Jourdain read through the report from Mr. Ravosa including the asset allocation review, the portfolio value, investments results, summary of gains and losses, expected cash flow, equity sector analysis, bond maturity schedule, and summary of performance by account.

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

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

Trustee Jourdain reported the checking account balance is at \$410,000. Mr. Lynch reported that donations since 2018 in the amount of \$285,000 is for specific intended purpose. Trustee Jourdain asked if we know who the donors are and could we get a report of them that makes up the 285,000? Trustee Mass asked if the amount is restricted or given for a specific purpose? Mr. Lynch replied we track all donations including what the intent is, if it is unrestricted, recreation expenses (entertainment), I will provide a spreadsheet with specifics. Trustee Jourdain asked if we have a copy of the restriction and do we give them a form with the clarifying instructions? Mr. Lynch will have to investigate it. Trustee Lacoste responded that she was on board when the \$100,000 came in and it was from a resident that had passed to create an outdoor dementia space. She added that the

board had reviewed schematics to see if the money would be enough to create the space and then COVID occurred. Trustee Lacoste suggested going back to the family and explain about the new building and have a conversation to see what the options are for the money. Trustee Jourdain asked Mr. Lynch to look into to see if we can adjust, Mr. Lynch will look into.

Trustee Mass is concerned about the smaller donations, at what point is it a restriction and not a recommendation and are they binding? He also wanted to know if we are tracking and offsetting as having been expended off list? Mr. Lynch replied has seen the monies moved from checking to investment account and when expenses are used, they are expending the funds from the balances. Trustee Mass asked if we have specified what is recreation? Mr. Lynch does not believe we have a policy that states specifics, he will look at the types of the expenses. Trustee Mass suggested the policy should be encouraging gifts be unrestricted. Trustee Mass questioned if we are not asking how did we determine it was a restricted gift and how do we verify spreadsheet is correct, some information may not be accurate. Mr. Lynch reported that in FY22 we are starting new tracking spreadsheet so we can know exactly where we stand. Trustee Jourdain asked if they will be using Quick Books? Mr. Lynch replied he is looking into it. Trustee Jourdain asked how do we know the restriction has not already been satisfied? Mr. Giordano replied in the past the donations were processed and the letter the check was in was kept in the Executive Office. Trustee Jourdain asked Mr. Lynch to email report to committee before next finance meeting and we can work through. Trustee Mass stated in the use policy we cannot receive any new restriction donations without the board approval. Trustee Lacoste thought we came up with a few categories that we are always allocating and using so we do not have to go to the board every time. Trustee Jourdain said let's deal with restriction part and then leave some unrestricted money and hopefully have an indication of what the family wanted with \$100000.

Discussion of Veteran aligned investments and recommendation from UBS

Trustee Jourdain shared the report from Mr. Ravosa since he was unavailable. Trustee Jourdain received the Veteran Focus ETF (exchange traded funds) suggestions from UBS. Trustee Jourdain said Mr. Ravosa suggested that we have no greater the 5% of the portfolio in these funds. Trustee Mass asked if Mr. Ravosa had a preference between Pacer and Victory Shares. Trustee Jourdain will follow up with Mr. Ravosa. Trustee Mass asked if we could add to investment policy adding up to 5% make investments into funds that support veterans. Trustee Jourdain stated the policy says not more than 5% will be invested into one investor. Trustee Mass suggested splitting the 5% between the two funds. Trustee Mass asked if this has to go to the full board for vote, Trustee Jourdain will research before next meeting. Trustee Mass made a motion to recommend UBS invest up to 5% equity or whatever portion is most advantageous, or UBS could offer the language. Trustee Jourdain was not sure if it has to go to the full board and to be safe until we make sure, we should send to full board with our recommendations from UBS.

Trustee Mass mad a motion to recommend to the full board to adopt the policy investing up to 5% of equity fund in veterans' funds EFT recommended by UBS with their recommendation of up to 5%. Trustee Jourdain seconded. Roll call vote Trustee Jourdain (Yes), Trustee Mass (Yes), Trustee Lacoste lost sound on WebEx.

Formation of Trustee Account Budget

Trustee Jourdain asked Mr. Lynch to start making budget for trustee account for FY22 based on historical and allocate money going out. Mr. Lynch will build a draft for us for June meeting and he will send out to finance committee to review before the next meeting.

CFO Report

Trustee Jourdain asked Mr. Lynch if he has anything that needs an approval. Mr. Lynch addressed Trustee Mass's question from the last board meeting regarding CMO salaries. He replied the salary of our new CMO is within the range of the state CMO but relating to private companies he does not have access to. Trustee Mass asked if it could be found on glass door or a third party, it must be avail somewhere. Mr. Lynch not confident of value on certain positions from websites. Trustee Mass asked if it is in proportion of CMO to Chief Admin gap and are we underpaying/overpaying superintendent he wants to be confident we are advertising at a correct ratio. Mr. Lynch replied that the salaries for state employees is public information and posted on the website.

Mr. Lynch shared a high-level view of state appropriations report to see if this report is preferred for board meetings. He said it shows the operating expenditures and the previous pages break it down further. Trustee Jourdain said it would be helpful if you had the year to date budget on the report Mr. Lynch stated we are at 69%. Trustee Jourdain requested instead of a percentage if would be better if the amounts were shown. He stated when comparing for prior year the numbers look good, but why is the main appropriation YTD for FY21 is lower by a million less? Mr. Lynch replied that these metrics are same we report on now, the pandemic hit after 9 months of FY21 operating, and COVID relief fund and DCAMM impacted the differences, also some of the normal expenses out of appropriation could be taken from the additional COVID support funds. Trustee Mass stated he finds budgets like this not useful and not good for in depth analysis for the Finance Committee meetings. Trustee Jourdain would like to see and learn more in the reporting and how management is looking at these numbers. Trustee Jourdain said our guidance to you it to go another layer down. Mr. Lynch stated if you prefer the object class level, we can continue to use that reporting. Trustee Mass stated there must be have sub codes? Trustee Jourdain asked about all salaries being all in one pot not by individual departments and would like salary and expense by department. Trustee Mass how do we know to compare departments. Mr. Lynch replied that the FTE drives our payrolls and departments and he is still learning how the facility allocates expenses. Trustee Jourdain if he has developed the FY22 allocations. Mr. Lynch stated this was started before he took the position and he will get a breakdown of the operating budget and will send out when it is received. Trustee Jourdain replied let's work together to get into the detail over the summer how we want to frame this up. Trustee Mass would like to see the process of how the budget is built.

Trustee Mass made a motion to adjourn the meeting. Trustee Jourdain seconded. All in favor. Roll call vote: Trustee Jourdain voted yes. Trustee Mass vote yes. It was VOTED to conclude the meeting at 7:05 pm.

Respectfully submitted,

Kathleen Denner

Acting Secretary for the Board of Trustees