

**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 Thursday November 4, 2021. The meeting began at 5:43 PM.

Finance Committee Members Present:

Kevin Jourdain, Finance Committee Chairman; Cindy Lacoste, Isaac Mass

Also Present:

Michael Lazo, Interim Superintendent; Michael Lynch, Chief Financial Officer; Stephen Giordano, Business Office, Accountant; John Cronin, Chief Financial Officer, DVS; Michael Ravosa, UBS; Kathleen Denner, Recording Secretary.

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

Pledge of Allegiance - All present recited the Pledge of Allegiance

Approval of Minutes of July 27, 2021 Finance Committee Meetings

Upon motion by Trustee Mass and seconded by Trustee Lacoste it was unanimously VOTED to approve the minutes from the Finance Committee Meetings held on July 27, 2021. Roll call vote: Trustee Mass (Yes); Trustee Lacoste (Yes), Trustee Jourdain (Yes).

Old Business:

Soldiers' Home Budget Process and Capital Plan

Trustee Jourdain stated that we now adopted our spending plan and for now the overall plan. He asked Mr. Lynch how do we get the board of trustees input into the budget annually, what does the calendar look like, and that there is not much of a capital plan at this point because of the new building. He also asked if there is anything else out there on the wish list for capital and is there anyway in the budget approval process where the board of trustees can we have input?

Mr. Lynch reported that the timeline for FY23 is done and they are on the first round of build out for the budget, around mid-year in February they will look at expense of FY23 and compare them to current year, the legislation may be out in June and signed in July. He also shared that FY23 has been reviewed and there are not many changes compared to FY22. Trustee Jourdain asked when can the board have input? Mr. Lynch replied that mid-year is a good timeline to review and compare to the prior year.

Trustee Lacoste asked Mr. Lynch who does he think it would be reviewed with and Mr. Lynch replied that it is reviewed with the finance team, leadership, DVS, and EHS.

Trustee Lacoste asked if they figure in increases for cost of living, Mr. Lynch replied yes

that is the most consistent increase that it added \$1.2 million additional in budget last year, annually we can project the cost of living based on the bargaining agreements.

Trustee Mass is talent acquisition paid for by the Home or the State, Mr. Lynch stated that Holyoke receives a charge back of a lump sum of funding to the Home for talent acquisition and provides services to all their agencies. Trustee Mass asked if it was from the Western Mass office and Mr. Lynch replied that it is mostly out of the Boston area. Trustee Mass asked if there is internal marketing for staff other than what HR is doing and Mr. Lynch replied that we rely on word of mouth, so we have the colleges bring in groups of nurses and we try to recruit as they graduate. Trustee Mass asked whether or not agencies are having the same crisis as the Home. Mr. Lynch feels generally they are, everyone has hiring signs everywhere and sign on bonuses are being offered too. Trustee Jourdain stated that there should not be much of a capital plan between now and the new building especially now that refresh is complete. Mr. Lynch said the major update of 1n is completed and will open in approximately two weeks and there is no formal capital plan in place yet some discussion has been around items i.e. security cameras, technology, increasing our ability to view more areas on the campus and in the building, a COVID screening trailer, also the building is made of brick and does not have the best integrity so we have been getting water with heavy rains, DCAMM has given great support.

Non-veteran license plate inquiry

Trustee Jourdain asked if there were any updates? Trustee Mass asked Mr. Lynch if he has heard anything? Mr. Lynch replied that he was not at the last meeting but recalled that it was staying with Mr. Yankopoulos and the legal team and that Chairman Keefe had reached out to someone to assist with the process. Trustee Mass asked if we should have a staff member follow up. Mr. Lynch will follow up with Mr. Yankopoulos.

Formation of Trustee Account Budget

New Business:

Membership dues to NASVH - \$1,000.00

Mr. Lynch requested dues for NASVH and wanted to discuss since this initial request for the payment of dues, and shared that the state has processed payment and they will pay every year.

Trustee Mass reviewed employee travel to conventions and has sent a copy of the order from Secretary Sudders to everyone, it was not an executive order from the Governor,

related to out of state travel and it does not relate to other agencies only EOHHS as well as the A&F regulations which specifically contemplate out of state travel by state employees. He thinks we have two problems the order as issued by Secretary Sudders prohibits the use of any State funds for employee travel, we do not have the ability to allocate from the trustee account because they are technically State funds. I need to understand if these are not State funds or do we need to reform the trust account to a 501c3 in accordance with state nonprofit law? Trustee Mass said we need clarification on this issue, if they are not state funds there are ethical issues and our use is in violation regarding these funds. Mr. Lynch said we should look into and research. The only concrete piece of information I have is that the trustee fund are funds that are not appropriated by the State legislature so in my opinion they are not State funds. Trustee Mass thinks he should file the ethical disclosure for us of private funds. Trustee Jourdain suggested the board get guidance from legal counsel, Trustee Lacoste offered that Chelsea has been doing the same thing with their funds and we need to be on the same page as them with our Trustee funds. Trustee Mass said the policy has been done for every and that does not make it right, what are the legal underpinning of these funds. He suggested Mr. Yankopoulos and Mr. Deacon put out a memo that outlines our authority of these funds. Trustee Jourdain shared that our legal counsel has come back and Morris and Mahoney think they are public funds so what does that mean regarding Secretary Sudders orders say we have not been. Trustee Mass agrees and a way of making that point we should push back on the agency that is the only cabinet level agency that has no out of state travel policy in place. Mr. Lynch shared that he did sign a TA form and it was approved noting that we were using private funds and was pointed at the trustees account. Trustee Jourdain would like to have Mr. Yankopoulos and Mr. Deacon weigh in on the legal side of this.

Review of FY22 Spending Plan

Mr. Ravosa stated that both of the ETF (exchange-traded funds) accounts were liquidated because there was not enough interest. He recommended the Aerospace and Defense industry that has been over 10% been around 10 years or would the board be interested in militia or veterans. He shared the S&P Aerospace are ETF's and the veteran owned are not publicly traded but there are ETF's such as Raytheon, Boeing, Spirit Aerospace. Trustee Mass asked Mr. Ravosa if he would be recommending these EFT's if we had not made the original request, would you still be making this recommendation and if we are putting into the defense sector is it aerospace or does it make more sense to look at products of equipment we have in Afghanistan and that will need to be replaced. Mr. Ravosa replied they are not really close and I wanted to accommodate you and two got liquidated that would have fit perfectly, the portfolio I am managing is better than this but if you are looking for aerospace this is good, probably would hit all the niche company to build what was lost in Afghanistan, there are a couple hundred stock in this holding. Mr.

Ravosa also shared that this is a quality sector spending if the infrastructure bill gets passed, it is the closest fit to what we asked for.

Trustee Lacoste agrees with Mr. Ravosa that it is a good stock but why don't we watch for two quarters and see where it goes and finish our budgets. Trustee Mass agreed with Trustee Lacoste. Trustee Jourdain told Mr. Ravosa to rescind our 5% to the two ETF's and then allocate back into equities then report back to the committee in the spring, Mr. Ravosa will keep a watch and follow up with emails to Trustee Jourdain.

Trustee Jourdain made a Motion to rescind our prior vote on 5% on the veteran ETF and place funds back into regular portfolio and revisit in 6 months. Discussion. Trustee Mass does not feel it needs to be a vote, Trustee Jourdain feels we should have it documented. Trustee Mass seconded.

Mr. Lynch reported the FY22 spending plan continuation of old business trustee account budget changed to spending plan to align with state plan. His team took a deeper look at the expenses over past few years. The current expenses included the Board of Trustees Picnic, bingo, supplies for the Halloween party and upcoming holidays. Mr. Lynch stated as of November 4 donations are doing quite well, over last 4 years we have received a donation of over \$50,000 and it has secured our annual donation in relation to our spending. He shared that if we look at the budget there have been some additional categories added so we know how we are tracking expenditures. We spend \$150,000 as it compares to donations is \$18,700 just ahead of our expenditures as we learn what we expect in the trustee's fund, this is a good starting block. Mr. Lynch stated we are halfway through the fiscal year and annually look at excess funding we have and make an annual transfer to UBS investments account.

Trustee Jourdain asked what the checking account balance is? Mr. Lynch said the wire transfer has been completed and the new balance is approximately \$290,000.

Trustee Jourdain asked Mr. Lynch about the \$150,000 spending plan, why he allocated these amounts and what the legacy reserve is and your projection is \$150,000 in donations. Mr. Lynch replied it is \$150,000 in donations annually plus interest and the donations are \$17,000 so far this FY which reflects July 1 thru November 1. Trustee Mass thought it was \$300,000 in donations per year and estimated half. Mr. Lynch replied our donations are usually much higher but our goal for this year is \$150,000. What if we don't get the large donation we historically do, will we still be able continue to support the expenses we have. Trustee Mass asked if there is a fundraising plan or are these organic. Mr. Lynch said these are from standard donations. Trustee Mass asked if the donations are organic or are they solicited, Mr. Lynch shared that we are not allowed to solicit as state employees. Mr. Lynch reported the biggest item is the legacy \$58,000 we

identified to expend \$150,000 based on prior years pre-COVID and we have updated how we allocate expenditures. He also explained the reason for a reserve is because he would like to see how we fully operate over a year and then adjust our spending plan and the Legacy plan is a safety net in case we do not reach the donation level. Mr. Lynch I am not constricting for any use, we can use for EMR or to offset lower donation amounts. Trustee Mass asked if one is a debit and one is a credit to offset income that is coming in. Trustee Jourdain said you are calling it miscellaneous spending, having earmarked but not in any other bucket. Mr. Lynch explained to be clear the amount of \$150,000 is what we did in prior meetings.

Trustee Jourdain asked what did we spend on the audit, we should do every 2 years. Trustee Mass asked Mr. Lynch if we have purchase QuickBooks yet, Mike looked into identified dollar amount and researching and purchase in the next few weeks.

Mr. Lynch expenses are two subscriptions for IN2L and chamber of commerce, also entertainment \$1,800 for the month.

Trustee Lacoste asked what is the volunteer cost for and Mr. Lynch replied we are in the process of hiring a new volunteer coordinator. Trustee Lacoste asked if the salary is paid by the Home, Mr. Lynch replied yes. Trustee Jourdain asked what the volunteer would be helping with. Mr. Lynch replied the will be helping to engage the Veterans with all types of activities.

Trustee Lacoste shared that they have just purchased QuickBooks for her Legion and asked Mr. Lynch if it will be used to do payroll, Mr. Lynch replied no that it will be for managing the trustee funds. Trustee Lacoste shared that version may be more affordable. Trustee Jourdain asked Trustee Lacoste if she could remember what did they paid for QuickBooks, she recollection was \$399. Mr. Lynch stated that this version includes the monthly subscription. Trustee Lacoste suggested researching because we may not need the monthly subscription.

Mr. Lynch suggested half year review, and then transfer excess funding to UBS at the end of the year with a 1 year reserve in the trustee account. A motion was made by Trustee Lacoste to approve a 6 month revisit and was seconded Trustee Mass. Discussion. Trustee Mass does not think it is ready to be approved, this is not something we visit every month and it may take a year to do the planning. He believes the legacy fund is an expense and income, thinks it needs a little more to get a handle on what is being spent. Trustee Jourdain stated it is not double, it is allocating the \$58,000 so putting in legacy and may not get spent so it is a miscellaneous bucket, we are looking to track where this stuff is going in this first year. Trustee Jourdain agrees that keeping the checking balance at \$300,000. Mr. Lynch confirmed. Unless you want to allocate something out, does not want to say do nothing. Trustee Mass said the legacy can be used on other things, Trustee Lacoste said the \$150,000 is what is in our account right. Trustee Mass stated this year we are going to raise \$150,000 and if we don't, we can use the legacy to offset expenses. What I am hearing is we are counting on both buckets, we need to have a policy how to

allocate to other line items. Mr. Lynch replied any type of request is able to move out of legacy. The request should go to Finance Committee, the spending plan is set up that \$300,000 in our account, our donations will fund the next year and legacy will cover the short fall if we do not reach our donation goals. Trustee Lacoste asked Mr. Lynch if he sees the donations we have so far. Trustee Mass said the money in the budget does not make it, Trustee Lacoste said to call it a miscellaneous expenses. Trustee Mass said what is the difference in calling it \$150,000 or \$100,000 and coming to the board to expense budget beyond what we have, but a third of the budget is wiggle room. Mr. Lynch stated that based on historical analysis we decided to move forward with \$150,000 and I expect an adjustment for the year. Trustee Jourdain stated if it is really miscellaneous, why don't we make the amount \$100,000 instead of \$150,000 and if the miscellaneous happens to be more than that then we will make the budget bigger. Trustee Jourdain asked Mr. Lynch if we going to spend more than \$100,000, Mr. Lynch said he does not think so.

Trustee Jourdain made a recommendation to make professional to \$0, legacy reserve \$2640 and overall plan \$\$\$\$. Trustee Mass stated that the professional is going to be there next year, and we should make sure to asterisk so next year it gets back in and approximately in the \$3-5000 range.

Trustee Jourdain asked how often should there be an audit he suggested every two years. Trustee Lacoste stated every 2-3 years.

Trustee Jourdain stated the professional is at \$10,000 and to reduce the legacy to \$100,000. Mr. Lynch will make adjustments and send out to group.

Jourdain; Approve as amended adopt \$100,000 remainder in legacy all in favor.

Mr. Lynch made a request to refresh petty cash in the amount of \$451.36. Motion to approve was made by Trustee Mass and seconded by Trustee Lacoste. Trustee Mass asked Mr. Lynch how much do you keep on hand. Mr. Lynch replied \$500. All in favor.

Mr. Lynch made a request for \$100 for November Bingo, \$100 for December Bingo, \$1,395 for November entertainment (9 entertainers) and \$1,420 for December (9 entertainers). A motion to approve all was made by Trustee Mass and seconded by Trustee Lacoste. All in favor.

Trustee Mass asked Mr. Lynch if the Home gives out gifts for the veterans and Mr. Lynch replied that this is his first holiday season here and they have been thinking about the next few holidays. Mr. Lynch shared that they will be giving out the fleece jackets that the board purchased for the Veterans on Wednesday for Veterans Day. Trustee Jourdain suggested for extra special Christmas possibly a \$50-\$100 value gift. Trustee Lacoste suggested a throw blanket with the Home logo, Trustee Mass suggested having their branch of service on it.

Trustee Lacoste made a motion to adjourn the meeting and it was seconded by Trustee Mass. Roll call vote: Trustee Mass (Yes), Trustee Lacoste (Yes), Trustee Jourdain (Yes). It was unanimously VOTED to conclude the meeting at 6:53 pm.

Respectfully submitted,

Kathleen Denner
Acting Secretary for the Board of Trustees

Attachments: