

**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 January 18, 2023. The meeting began at 5:37 pm.

Finance Committee Members Present:

Kevin Jourdain, Finance Committee Chair; Gary Keefe.

Not Available: Isaac Mass

Also Present:

Melanie Acobe, Budget Director; John Cronin, Chief Financial Officer (DVS); Robert Engell, Interim Administrator; Michael Lazo, Superintendent; Michael Lynch, Chief Financial Officer; Elba Pires-Morgan, Western Mass Eldercare Ombudsman; Michael Ravosa, UBS; Sarah Soan, (VET); Brett Walker, General Council; and Kathleen Denner, Recording Secretary.

Pledge of Allegiance - All present recited the Pledge of Allegiance

Approval of Minutes of the November 16, 2022, Finance Committee Meeting

Upon motion by Trustee Keefe to approve the November 16, 2022 Finance Committee Meeting Minutes and seconded by Trustee Jourdain. No discussion. All in favor. Roll Call vote as follow: Trustee Keefe (Yes) and Trustee Jourdain (Yes). The VOTE passes unanimously.

Soldiers' Home Budget Process and Capital Plan

Mr. Lynch introduced Ms. Acobe the new Budget Director to the Finance Committee.

Mr. Lynch stated that we are now at the end of January, so we are past mid-point in FY23 for our budget and we are making the appropriate steps to review and analyze expenditures to the midpoint and to make plans and adjustments to close the fiscal year in a strong manner like we have in years past. He continued that we have goals to defer less than 2% of our budget which is a personal goal if mine.

Mr. Lynch reported that they are beginning to build out our FY24 budget and we are communicating with appropriate agencies on various exercises to provide the necessary financial information they need to build the budget.

Mr. Lynch shared that the Capital Plan does not have much to update, we continue to develop projects that we have discussed here and at the board meeting, want to make sure we are continuing to make progress on these projects, and push them to the finish line so we can capitalize on this fiscal year's investments and make sure we receive high value products and use the Commonwealth and taxpayers funding to support the Soldiers' Home and our goal of serving veterans.

Trustee Jourdain asked when will we be opening the COVID trailer. Mr. Lynch replied that it opened late yesterday and today for first shift was available for use.

Trustee Jourdain asked Mr. Lynch how he sees the FY23 budget going so far and are we on target or are we behind, how do you view our progress. Mr. Lynch replied that we have made excellent progress with our budget, operationally we continue to hit on the percentages we want to see at this time of year. He continued that we do see and increase in utility costs, and we are looking at the rates and making the adjustments to close out the year with the appropriate level of funding. Mr. Lynch stated that we continue to see marginal increases in our census due to the admission process and we continue to progress on the construction of the 2 South unit and when construction is completed that could open up additional beds for admission, so could see a rise in census there and I mention this because it drives some of our operation costs in terms of medical supplies and food. He added that we continue to see progress and all these areas and one area that we keep an eye on is staffing so we will continue to recruit and we are fully funded for the Home so if we have any vacancies that could create a surplus and so we want to use in the funding that has been allocated to the home in the best way possible, to make sure we are receiving the appropriate goods, services and recruiting talented individuals.

Trustee Jourdain asked regarding FY24 when will you have a good grasp on the number you think we will be requesting. Mr. Lynch said we should know more in spring/summer as we continue to develop the budget, the Governor's budget has not come out yet and that is the first main step in the process and we will know more then, he will update at next Finance Meeting but does not expect to report anything out until later this winter early spring.

Trustee Jourdain asked Mr. Lynch if DVS will ask you because when the governor's budget comes out with the numbers and I hope they will consult you about that number and let us know when that number is achieved so we know what is going into the budget. Mr. Lynch stated that once the number is released, I can report it to the Board. Trustee Jourdain asked process wise because of the hold till March and DVS becomes it owns secretariat and will that change the process of how you have to deal with it through the EOHHS process. Mr. Lynch replied that there will be a number of adjustments with transition beginning March 1 when the transition takes effect, it will change the communication paths we have in terms of submission of exercises or documents, we will still maintain a direct relationship with Administration and Finance Office. He continued that we have an analyst that is assigned to the Home and that is a major resource and guiding office toward our financial oversight.

Trustee Keefe stated that when he was in the Statehouse and had about 3 legislators asking him about a supplemental being put together and do we need to put in for the supplemental for February. Mr. Lynch state that we do not have any ask toward the supplemental budget, it can happen 1,2 or 3 times a year and this will depend on the needs of the Commonwealth.

Review of FY23 Trustee Fund Spending Plan/Budget

Mr. Lynch shared that he does not think we have any revisions, the last Finance Committee meeting we made two small revisions for bingo, and one for entertainment back in November with nothing to report at this time. He continued that he mentioned at the board meeting that our total expenses were about \$35,000 including January but where we did see some costs savings on entertainment because we were able to reschedule when the Home had to cancel some entertainment activities in December, so we did see some saving in January.

Mr. Lynch reported that we have about \$35,000 in expenses and at the time I reported we had \$33,000 in donation so since then donations for the month of January, so we are pretty even. He continued that we have only expended 40% of our spending plan, which is about \$86,000 and our main areas entertainment, bingo are our usual expenditures.

Mr. Lynch reported that as of today the balance in the Trustee Fund is \$256,283.51 and that is about \$2000 higher than reported at the full board meeting.

Trustee Jourdain wanted to bring up that he would like to get more feedback about entertainers and to have the recreational director or somebody do something about all the entertainment, if they could do once year or every 6 months, do a survey of the residents by creating a list the entertainers and rank them. He continued he wants to make sure everyone really likes the entertainers and some of the more expensive ones and is that something we want to have every single month if they are very expensive, and we feel it is sustainable in the budget. He wants to make sure that a couple of times of year that we are reviewing to make sure that is sustainable and that we are getting good feedback that this is what the residents want.

Mr. Lynch shared that they do this after every show and we have had Ms. Feyre in this meeting before and she has mentioned everything that they do. He continued that they ask the veterans did they like the show/entertainers and get constant feedback on this and we have reported this to the Board before. Mr. Lynch stated that we only bring back entertainers if they meet our satisfaction and the veteran's satisfaction, especially the higher dollar amount entertainers happen to be the top rated entertainers so I think entertainment is a critical component of the activity schedule and it is primarily supported by the trustee funds so it is an excellent use of funds.

Mr. Lynch according to the spending plan we have a \$30,000 budget included our spending plan and we are at about \$17,500 through January and that there is a lot of excitement around musical events, and it is one of the best investments that we continue to use for. He continued that looking at the bank balance we have a possible 4-5 years of funding in the balance right now and an additional \$3million in the investment fund he thinks investing in entertainment is a great way to connect with veterans and engage them. Mr. Lynch stated that these surveys take place after each

entertainment and if there a specific event that you would like us to look into, then we can discuss. Mr. Lynch asked Trustee Jourdain if there is a specific entertainer or piece you would like us to research further. Trustee Jourdain replied no one specific but if you are doing these surveys could you give us a report to board of the results of the survey. Mr. Lynch stated that he will ask the Recreational Director if we can report something out at the next board meeting. Trustee Jourdain asked if this could be assembled once a year that would be great.

OIG Audit report dated 8/5/2022 – review of report, recommendations, need for legal clarification between OIG and new state law, and next step action items for the Board. DVS/EOHHS legal counsel have advised that they will not provide legal support; therefore, Board will need to seek independent counsel or wait until next Administration. Discuss possible invitation for OIG representative to meet directly with the Finance Committee.

Trustee Jourdain sent this over to Mr. Bagley at Morris and Mahoney, who is under a retainer for the board regarding investigations. Trustee Jourdain talked with Mr. Bagley, and he will follow up with Mr. Bagley to come to the February full board meeting have him attend and answer all the questions.

A Donor Appeal for the benefit of the Trustee Fund

Trustee Jourdain shared that at some point we are going to have to think this through as a Finance Committee it would be nice if we could draft a letter and asked Mr. Lynch if we have anything in a file about prior solicitation of the board, and we could put together a letter form the board members to our past donors giving them a state of the state of the trustee fund and the good work that is going on. He continued that we could put together a small mailing from the board to convey how thankful we are and how much we need their donations and what we are doing with the donations, he would like to put a list together of names and address of anyone who had donated more than \$50 in the last three years, a letter that is a page or two of the good work we are doing. Mr. Walker added to make sure everyone is familiar with some of the limitations that are placed on public employees, as members of this board you are considered special state employees and that puts certain restriction on the method by which you can do the appeal for donations, make sure we are abiding by what we authorized for special state employees.

Trustee Jourdain asked Mr. Lynch if you are looking around for past letters in this area, he remembers a thank you letter from the past and this could be a good starting point. Mr. Engell brought up that there was a 501c3 associated with the Friends of the Home typically they are the vehicle by which people would do the kind of outreach and fundraising initiatives you are discussing, he does not know if that meets the needs of the board in terms of how they want to be involved to make that happen but it might be a vehicle to explore. Trustee Jourdain stated that he is not sure if it would work for us, when he was on the Board of Trustees for Holyoke Community College and they have a foundation and the foundation is parallel to the organization and they do those types of solicitations, but the Board of Trustees at HCC would not have a trustee account. He continued that the friends group of the Soldiers' Home does their own fundraising

and have their own fund and they have their own account, this is more official account and therefore it would seem to me since it is a creature of statute that we would have some mechanism to thank people, tell people where money is going, and to encourage future support to maintain its viability. Trustee Jourdain added that he does not think it would be practical to have the friends soliciting on behalf of the board when they are soliciting on behalf of themselves.

Mr. Lynch will provide a copy of thank you letter as a start. Chairman Keefe added that we are not solicitating we are thanking.

Advertising support for HSH about facility turnaround plan and progress made – awaiting recommendation from management on timing and content and how Board can support their efforts.

Trustee Jourdain reported that we are in a holding pattern waiting for Mr. Lazo while he is doing a lot of work in this area to talk about the new building, staffing, refresh and all the great support out there. He added that he believes we are getting a consultant to help in that regard and would like to see how that is progressing and where do we see the new messaging about the Home. Mr. Lazo responded that the focus right now is that we are working with an agency called Ferocious Media and we are currently working on advertising to generate staffing leads, we have not gotten the good news story because we are focusing on staffing. He continued that we have identified needs in CNA and LPN areas, so we are in the process of creating videos and other types of advertising that we can geofence certain counties and other facilities in the area to focus our marketing on those areas, then we can turn some of these ads into the good news stories. Mr. Lazo shared that we are working with DVS to finalized some of these ads will look like and once they are approved, they will start appearing on websites and YouTube videos.

Trustee Jourdain asked Mr. Lazo if he should take this topic off the agenda or leave for monthly update or a six-month update. Mr. Lazo thinks we should close the item and remove it from the agenda and once ads are complete and we look to create the good news story then we can put it back on the agenda.

New Business

Review of UBS Fund Performance and Westfield Bank Checking Account balances

Mr. Lynch reported that the Westfield Bank Checking Account balance is \$256,283.51 as of today.

Mr. Ravosa report began by discussing the first page of the UBS Portfolio. The asset allocation fixed income is 3% in cash and 44% in fixed income which is pretty diversified in fixed income all high-quality investment grade whether it is a certificate of deposit or investment grade bonds. The bond market got slammed just like bond market, so this has been a very unique year in terms of equity, we are at 52.64% with most of this in large cap stocks in core and value. Mr. Ravosa stated that even though

we lost money last year, in terms of our return, it was not as down as much as the market. He continued that our mid cap position is very small with the international at a little over 4.4 and a total portfolio value of \$2,765,860.06.

Mr. Ravosa discussed page 3 and the expected cash flow for February 2023 to January 2024 we have approximately \$75,000 in cash flow hitting the account over the next 12 months, couple of bonds coming due this year and will be able to replace at a higher rate, cash flow will be increasing. He continued that the overall allocation that he might put a little more in stock but wants to get a better feel on inflation, couple of indicators before start to buy stocks, Trustee Jourdain asked when the income is coming in as dividends or interest, in the case of dividends is it set to reinvest in the same fund or are you putting it into cash and redistributing it. Mr. Ravosa replied that the bonds pay interest so those cannot be reinvested and with the stocks I am having it come into cash because with the volatility of the market I like having a little bit of a nest egg to be able to buy what I want to buy. Mr. Ravosa added that he believes that dividend reinvesting is a great strategy but with this account he would like to take advantage of this locations in the market especially as the account grows the interest and dividend payments will grow and we can get into to some terrific stocks at a great price. He continued that last week the S&P was up and now we are down, he could go in and buy what he thinks will appreciate. Trustee Jourdain stated that with the checking account of \$256,000 that is creeping up a bit so it wouldn't be a horrible thing for us to think about taking some more, if you recommend it, to send it into the long-term account. He continued that our bare bones minimum we like to have in the checking is at least one year of our potential expenses of like \$150,000 to \$200,000 in the checkbook then anything over is fair game to go into this account, so if you think there is something out there that would be a good long term invest. Mr. Ravosa said that he does not know what the bank is paying on the \$50,000 but with the market pulling back some of the dividend yield on some of the stocks are terrific and they are starting to get into a great buy zone we will not only receive a great dividend but the capital appreciation too. He added that he can always find a home for money that fits our strategic long-term plan. Trustee Jourdain asked Mr. Lynch what his thoughts were looking at the balance if we were to bring it down to \$200,000 how would you feel. Mr. Lynch replied that it is consistent with our efforts before we have made a transfer to UBS since I have been here, that is consistent, and the payment mechanism works so I think we have discussed anything over \$200,000 in the past. He continued that based on our expenditures, if we expend \$50,000-\$75,000 a year that is a minimum of 2 years in the account.

Trustee Jourdain made a motion to move bring checking down to \$200,000 and move the excess funds over to UBS. Trustee Keefe seconded the motion. No discussion. Roll call vote: Trustee Keefe (Yes) and Trustee Jourdain (Yes). The VOTE passes unanimously.

Mr. Ravosa continued on to page 4 and discussed the bond maturity schedule and that we have a ladder bond so we have 10% of our bonds coming due this year and I will be able to replace that with 4-6% paper.

Mr. Ravosa reported the summary of performance by account on page 5 and that we have two accounts, a stock account and a fixed income account. He continued that in 2022 the stock portfolio was down %7.3 and the bonds account was down 8.9%; the benchmarks like the Bloomberg Aggregate Bond index was down 13.01% and the S&P 500 was down 18.11%, in terms of relative performance we crushed the benchmark. He continued that he added some other benchmarks including the Russel 1000 Growth stocks were down almost 30%, mid cap stocks were down 17%, the EAFE international stocks were down 8% so this gives you an idea where the benchmarks were and how we did. Mr. Ravosa believes it is going to be a choppy year with too many factors that can happen. He believes that our portfolio with dividend stocks, value stocks, healthcare and energy are going to be above average returns. He continued that growth stocks are going to be tough as you are seeing Amazon is laying off people and the economy is slowing, and the rate hikes are starting to marinate within the economy. He continued that we have a lot going on politically and globally that could affect the markets, so dividends are going to be a lot more of a total return portfolio this year more than a normal year, in his opinion.

Mr. Ravosa also included at the end of the report the different buys and sells of securities that we bought and sold this past quarter.

Trustee Jourdain added that the only thing we could never put our arms around was an institution or something that are a veteran based mutual fund and Mr. Ravosa stated that he is looking all the time.

**A review of any new requests for expenditures from Trustee Fund.
Finance Committee Schedule for 2023 – suggested schedule: January, March,
May, July, September, November**

Trustee Jourdain asked Mr. Lynch if there are any new requests for the Trustee Fund and also asked if he is good with the extra money for bingo or do we need to extend that. Mr. Lynch replied that he has no new requests at this time but in the next week or so leading up to February we will have finalized our requests for the month of February. Mr. Lynch replied that regarding bingo back in the fall the Finance Committee had approved 3 months additional bingo funds. He continued that this is something that he believes and has voiced in the past is that it should continue to come from the Trustee Fund, so if we can continue to fund bingo at the higher amount for the rest of the fiscal year. Trustee Jourdain asked Mr. Lynch to confirm the amount. Mr. Lynch stated that it is an extra \$240 per month and the Board had previously funded \$100. Mr. Lynch reported that we have weekly bingos that total \$240 per month so that would be a monthly request of \$340. He continued that this year we had a number of months where we received additional donations for matching special bingo events like birthdays and some months we have expended \$440 but received \$200 in donations to fund the bingo.

Trustee Jourdain made a motion to support the extra \$240 a month for bingo and Trustee Keefe seconded the motion. No discussion was had. Roll Call Vote: Trustee Keefe (Yes) and Trustee Jourdain (Yes). The motion passes unanimously.

Trustee Jourdain suggested, because we are doing such a great job, we do not need to have a Finance Committee meeting every month, we could consider bimonthly. He continued that perhaps we go with January, March, May, July, September, and November which is consistent with our summer and December schedule. Trustee Jourdain asked the committee if they feel comfortable with going bimonthly. Trustee Keefe believes this is a good move especially come March 1, the board is going to be dropped down to 5 members and I am pretty sure the Bylaws Committee will be disbanded because most of the policies are going to come from DVS. Trustee Jourdain stated that now the board members are also going to be serving on the new statewide board so we are going to be picking up meetings there and who knows what the frequency will be. Mr. Lynch thinks there has been some good discussion and we have discussed the number of times the Home continues to make progress in a lot of ways and I am thrilled with where we are financially and where we are going to continue to develop. He added that if the board's decision is to adjust the schedule he will be there whenever the dates are.

Trustee Jourdain stated as Mr. Ravosa pointed out earlier Trustee Keefe, me, Mr. Ravosa and Mr. Lazo all have an open door so if something was to come up we have great communication on this team.

Trustee Jourdain made a motion to set the finance schedule for the rest of 2023 as follows January, March, May, July, September, and November. Trustee Keefe seconded the motion. No discussion was had. Roll Call Vote: Trustee Keefe (Yes) and Trustee Jourdain (Yes). The motion passes unanimously.

A motion to adjourn was made by Trustee Jourdain and it was seconded Trustee Keefe. It was unanimously voted to adjourn the meeting at 6:37 pm. Trustee Keefe (Yes), and Trustee Jourdain (Yes). The meeting was adjourned at 6:37 pm.

Respectfully submitted,

Kathleen Denner
Acting Secretary for the Board of Trustees

Attachments:

