

**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 March 16, 2022. The meeting began at 5:42 PM.

**Finance Committee Members Present:**

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

**Also Present:**

Robert Engell, Interim Administrator; 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 the January 19, 2022 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 January 19, 2022.

**Old Business**

**Soldiers' Home Budget Process and Capital Plan**

Mr. Lynch reported that we are very consistent to previous budget at \$29.7 million with a slight increase. He continued that the capital plan team meet biweekly and have discussed the additional furniture for solariums, the screening trailer, security upgrades, façade improvements and eventually new vehicles in our fleet. Trustee Jourdain asked Mr. Lynch if \$29.7 million is enough to run the home, Mr. Lynch replied yes we had \$29.1 million last year and the increase is for new staff and salaries. He shared that the Finance team is looking forward to the end of FY22 and new FY23. Trustee Jourdain asked regarding the inflationary cost does your budget contemplate that for costs, how is it impacting, the general inflation going on and is it being accounted for. Mr. Lynch replied that it is impacting everyone, inflation in costs, supply chain issues has impacting us in non-emergency areas, furniture and equipment delays, with a slight increases in costs we are able to strategize at getting at a good value, we are not going to overpay if it is not in the best interest of the Home. Trustee Mass asked what are you calculating inflation costs at, value over things like food, are we getting quality are we sacrificing quality. Mr. Lynch replied that we are not sacrificing quality we are noticing price increases for standard items we use. Trustee Mass asked if you are not tracking, how will you know if you will stay within your estimated budget. Mr. Lynch stated with the \$600,000 more we can forecast our needs and plan ahead. Trustee Mass when did you do that for Maintenance Mr. Lynch stated that the Maintenance FY23 was done in January and the are basing it on

costs that we see this year. Trustee Mass stated that inflation the last couple of months has been higher and it worth taking a look to see if there is something, we need to do that the board can be an advocate for that. Mr. Lynch thanked him. Trustee Jourdain asked for an update on the trailer, Mr. Lynch stated they will start site work the first week of April and in early spring/summer the trailer should be onsite and functional.

### **Non-veteran license plate inquiry**

Trustee Jourdain told the group that there was no new information from board meeting regarding the non-veteran license plate and that he has been working with Superintendent Tom Lyon of Chelsea and will hopefully have more information before April board meeting.

### **Potential Funds requests for helping DOM residents transition and support not to exceed \$3,000 per veteran**

Trustee Jourdain shared that we have one veteran we helped at the board meeting and asked Mr. Lynch if there were any new requests. Mr. Lynch said there have been no new requests. Trustee Mass asked how many veterans are left in the domiciliary, Mr. Lynch replied one was moving out today. Mr. Lazo stated that we have 4 residents left in the domiciliary as of today. Trustee Mass asked if we are confident the four will go. Mr. Lazo shared that we have 2 veterans that we are extremely confident, 1 requested funds and 1 looked at Chelsea and was not happy with that so back to square one. Trustee Mass is there a bed for him in Holyoke, Mr. Lazo replied that he does not qualify for long term care. Trustee Mass restated that the veteran did not like the domiciliary at Chelsea. Trustee Mass asked what is demolition date for the domiciliary, Mr. Lazo said it depends on the planning of new building and to complete their abatement of materials and there is no firm time line on that.

### **CFO Annual Evaluation Due by May 1, 2022**

Trustee Jourdain stated that the game plan is that was we are supposed to give evaluations in for May 1 and wants to make sure we are tracking on that and being thoughtful of Mr. Lynch's evaluation from the board. Mr. Lynch replied that May 1 was the initial goal, the materials were touched on at the board meeting that we are not able to share the goals that are on state side, Trustee Mass asked that you cannot share for the CFO. Mr. Lazo replied that we have been told by EOHHS that we are not able to share goals from the mass achieve system because it is confidential. Trustee Jourdain shared that they were told the goals, but not told how the goals were rated and I believe human resources was involved in that. What Mr. Lazo rated would be confidential. We should at least know what we are going to give our input on the criteria. Mr. Lazo said the information I was given is confidential, he will clarify. Trustee Lacoste asked what is stopping us from basing it on what we rate him on, or that we have good idea what he should be doing. Let's look at how we want to look at Mr. Lynch's job and base it on our own spectrum. Trustee Jourdain wants to do it the right way and we have goals that are set and we should react on those and then we would have a rating where we put our comments at the end, and how we rate the goal. Trustee Mass weighed in and said I don't think the goals and objectives are not confidential but even if they were there is nothing that prevents the superintendent from giving them to finance committee to measures the evaluation of the CFO. He continued that he is comfortable taking a recommendation from

the superintendent on how we move forward for this year. Trustee Mass said is there a viable way I can look goals and see if enough information to evaluate him. Trustee Mass asked Mr. Lazo to email Trustee Lacoste the job description that was posted and can share that, Mr. Lazo replied yes. Trustee Mass asked if will there be an executive session to ask questions about evaluation, Trustee Jourdain said it will be open to whatever Mr. Lynch feels comfortable with, they try to get done for next finance meeting, and then something for our May board meeting so Mr. Lynch has a chance to review.

### **Discussion of new EOHHS Travel Policy allowing limited out of state travel**

Trustee Jourdain asked if there is there a summer conference plan maybe this would be our first opportunity to try out the new policy. Mr. Lynch replied that the winter conference was scheduled for February and it has been delayed until April due to COVID. Trustee Jourdain who is going from our Holyoke team, Mr. Lynch said he believes Mr. Lazo is attending, Mr. Lazo confirmed he is going. Trustee Jourdain asked where the summer conference will be held. Mr. Lynch replied that the NASVH conference will be held in an August in San Diego.

### **New Business**

#### **Review of UBS Fund Performance and Westfield Bank Checking Account balances**

Trustee Jourdain asked Mr. Lynch to review the Westfield Bank account information, I know you were helpful, and I have given you my information on the second signature that Westfield Bank needed. Mr. Lynch replied the current balance is \$261,274.68 and as soon as they draft the authorization paperwork, I will forward it to you. Trustee Jourdain asked if there is any new major deposits, expenditure or meaningful donations since January that you would like to review, also how is QuickBooks going. Mr. Lynch responded that we saw this kind of blend into part B of new business with the spending plan in the budget and our expenditure have been consistent month to month bingo and entertainment be consistent expenditures. He continued that QuickBooks has been great we have had it installed and the users are set up. Mr. Lynch shared regarding the most recent expenditures requests, one additional entertainer this month, petty cash, in2i still working out a paid for a subscription for the programming equipment that the recreation team uses and we received a 2<sup>nd</sup> invoice for additional subscriptions so we are questioning what it is for, seems like we do owe but trying to get both subscriptions on the same schedule so we are not paying one invoice in the Spring and one in the Fall. Mr. Lynch reported that the \$2,925 that was voted on at board meeting that check has not been written yet, when the veteran chooses his new living space the check will be issued. He continued that donation have been trickling in and in December just over \$12,000 to trustee fund and since then we had \$1,200 January and \$3,500 in February, our total donations are \$38,000 and the total expenses are \$30,000 so we are still continuing to receive have more donations than we are expending which is consistent with the overall theme of how we built the spending plan and while the totals are different in years past we had received more in donation but we had expended more. We are still consistent in the framework of what the spending plan was trying to achieve by receiving more donations than we are expending in a given year. Mr. Lynch stated that we may do Memorial Day activities, and the volunteers are starting to come back into the home so I will continue to check in with

the volunteer coordinator to see if funds are needed for any activities. Trustee Jourdain asked if looking back at in21 is it consistent, Mr. Lynch replied yes it is consistent but it would like to be on the same schedule. Mr. Lynch shared that the previous subscription was \$2,669 and the new bill is a little over \$2,000. Trustee Jourdain asked about the QuickBooks \$890 for 12 months, with a withdrawal of either \$70 or \$50 monthly for the next 10 months.

Trustee Mass stated that the board had given a certain amount of money for Christmas gifts and if you could remind him what did they receive. Mr. Lynch we provided fleeces on Veterans Day and is drawing a blank for Christmas, Trustee Mass could you get back to us on what the item was.

Trustee Mass asked during the periods of time where the units get locked down and aren't able to have recreation come in, what do we have entertainment for them. Mr. Lynch shared that during those times recreation has gone to those units even knowing that the units are on lockdown and they would do doorway activities while maintaining a safe distance and provide entertainment, singers would go up and down the hallways. We also have the ability we have the ability, if anything is going on in chapel or canteen, each room has a tv so they can watch on closed circuit TV. Trustee Mass asked if each room has cable that veterans not paying for, Mr. Lynch replied correct. Trustee Mass asked if we have any streaming subscriptions, Mr. Lynch said the recreation team has some and some TV's have Roku devices and families have provided streaming services for their loved ones. He continued that it depends on veteran, Trustee Mass asked how many TV's are outfitted for ROKU, Mr. Lynch replied all of the units that have been recently refreshed, which is really the entirety of the building so all residents have that device. Mr. Lynch continued that there are new TV's in common areas. Trustee Mass asked if we can get a costs to upgrade those because he is interested that there is entertainment for anyone who gets locked in so they have something more than basic cable and possibly get group pricing. Trustee Mass asked Mr. Lynch to send him the programing guide so I can see the channels, Mr. Lynch said yes.

Mr. Ravosa reported that the markets have been challenging not only with the stock markets but also the bonds with interest rates. The HSH March 2022 accounts as of March page 1 these are our current asset allocation so we have about a 50/50 asset allocation and we want to see the account grow over the long term so we have to be prudent and careful. Mr. Ravosa continued with cash we are a little over 1% with fixed income we are at 47.92%, and equity we are at 50.85% with a lot of representation of large cap and mid cap. He pointed out that this portfolio is at a 94% US equity driven portfolio, with 6% international and none of the portfolio has any ties to Russian businesses. Mr. Lynch reached out to Mr. Ravosa regarding the executive order 597 issued earlier this month by Governor Baker, they are requiring agencies to look into any contracts where Russian state owned or state controlled entities, it is not just the soldiers home with controlling issue or contract we are doing business with, it is all agencies across the Commonwealth and the memorandum directed us to end any relationships with those entities, and I reached out to Mr. Ravosa to confirm. Trustee Mass stated that it may be prudent at this time to look at portfolio to see what the percentage of other

international holdings that might be associated with non-allied countries and that there may be risk in the future. Mr. Ravosa will create a list of international holdings and breakdown of the countries and will send to the board. Mr. Ravosa continued with reviewing the equity holdings and it is mostly large cap portfolio, with a 4% mid cap exposure. We are in a major inflationary period where numbers have not been this high in 40 years. He shared that the unfortunate thing right now with the Russian invasion our stock is yielding over 2.26%.

Mr. Ravosa reviewed that in 2021 we made 11.47%, in 12 months we are up 1.77%, 3 year average of 4.91% and year to date we are down 7.07% but doing a lot better than the benchmarks and the US corporate bonds latter 1-10 years was down 1.23%, the Barclay's bond index was down 1.54% and then if you had a portfolio of 50% S&P and 50% bonds you are up 12.8% so we lagged a little but not enough to have fees and also the benchmark have no fees. Mr. Ravosa reported we are up 1.77% and you can see the bond were down over 4% and then the 50/50 was 1.35% and on the 3 year 4.91% again the bond benchmarks are down, the S&P and bonds is up a little over 6% and year to date the bond benchmarks are getting slammed with our 50/50 portfolio down almost 9%, we are down 7.07% so depending how you look at it our security selection and the dividends and the cash flow has been a great buffer in these down markets. He continued that our bond portfolio is laddered meaning we are going to have money coming due every year we have more of a short term intermediate bond portfolio so what that means is as money comes due we will be able to replenish.

Mr. Ravosa reported the expected cash flow chart from April 2022-March 2023 we have \$72,300 in income coming in the account, our equities are 2.26% and our bonds are paying 3.06%. He continued that we own individual bonds for the most part all investment grade, ladder portfolio and when the bonds come due, we get made whole and we collect our interest payments along the way. Mr. Ravosa reported that when he took over the account, we had a ton of old bond funds they lose value and take forever to come back.

Mr. Ravosa stated that he hears all the time when the market has a decline this time is different, he has been doing this over 23 years he is a certified financial planner and a fiduciary and I have heard this my whole career. He then reviewed the Vanguard pdf geopolitical which goes back to the Cuban missile crisis, Iranian hostage crisis and the history of invasions. The initial sell off is a great buying opportunity and in six months to a year later you have recovered all that you have lost but made a decent profit.

Mr. Ravosa reviewed the J.P. Morgan pdf called investing with composure and shared with the group. The markets from 1980-2021 that showed is that at the worst of the downside if you just wait it out things are going to come back. He continued with the chart on page 5 this shows 5% drawdowns that we have experienced in the stock market from 1980 to February 2022. He continued, look at how many times it has pulled back 5% or more it is astounding how many times, 24 times in 2008, 7 times in 2020 this shows that there has always been volatility in the market and it is going to continue to be there. He stated that in his opinion security selection, cash flow and growing dividends. Mr. Ravosa reviewed chart of the average annual return of stocks and bonds and then a 50/50

portfolio in the growth of \$100,000 over 20 years. He continued in those 20 years we have had major downturns and sideways markets, we have been here before. Trustee Jourdain shared that Mr. Ravosa's responsiveness and professionalism is awesome. We could not ask for better customer service and it is so appreciated.

**A review of any new requests for expenditures from Trustee Fund**

Mr. Lynch reported that he has submitted a trustee fund expenditure request for two items: one for a single additional entertainer for this month of March for \$250 and \$413.58 to replenish petty cash those are the only two outstanding expenditures. He continued that IN2L will be coming as soon as it is resolved. Trustee Jourdain commented that the IN2L situation is that it is not an extra bill or we missed it, Mr. Lynch responded that we did not miss a bill and the billing is accurate but he wants to be able to understand which specific equipment they are billing us for on this one versus the bill in October so once that is squared away he will submit a request to the Finance Committee. Trustee Mass is concerned that the entertainment expenses and the prices seems too low and I worry about the quality of the entertainment, are we keeping it easy and maybe we should look at some other options, see what exists and is out there. He suggested a subcommittee group that could go out exploring what is available for entertainment. Trustee Jourdain recreation director maybe she could reach out to you Trustee Mass and have a conversation with her and invite her into a finance meeting or get a plan and talk about how we are mixing it up and periodically looking for new things and that process. Mr. Lynch will reach out to Maggie.

Trustee Mass made a motion to approve \$250 for entertainment and \$413.58 to replenish petty cash. Trustee Lacoste seconded it. All in favor. Motion passes.

Mr. Lynch referenced the fleeces that were given out on Veteran's Day that was discussed earlier in the meeting and that the employee have taken a liking to them and we're trying to organize an employee order that would be paid for by the employees however the mechanism in collecting cash among employees and possibly deposit it into a state account and it could be tricky. He continued I am asking for the finance committee to review the utilization of the trustee fund to collect the money, it would be a zero sum for exercise so there is no additional cost or any type of funding coming out from the trustee fund, it would be a great mechanism to use for collecting cash from the employees and paying the vendor. Trustee Jourdain asked if this would be once a year? Mr. Lynch replied that it could be, he doesn't know if we have done anything like this where employees have ordered clothing, we also provide uniforms, sweatshirts have gone out different types of employee gifts or memorable. Trustee Mass thinks is it a great idea and would impact employee morale. He would also like the trustees to have one. Mr. Lynch will send email to the board to see who wants one. Trustee Mass made a motion to allow the trustee account to be used as a revolving fund for the purchase of fleeces a one period expenditure for a period of 2 months. Trustee Lacoste seconded. All in favor. Motion passed.

Meeting was concluded at 6:55 pm.

Respectfully submitted,

Kathleen Denner  
Acting Secretary for the Board of Trustees

Attachments:



Investing with  
composure.pdf



Holyoke Soldiers  
Home March 2022.pd



Vanguard  
Geopolitical Historical