IOLA Fund of the State of New York
Meeting of the Board of Trustees – New York, NY
March 20, 2025
FINAL

Present: Chair Davis and Trustee Galowitz

Public Videoconference: Trustees Cirando, Dunham, Lindenauer, Lopez-Soto, Madigan and Ross

Absent: Trustee Villaverde

Staff: Fecko, Nyiendo and Agard

1. Call to Order.

The meeting was called to order by Chair Davis at approximately 1:11 p.m. Remarks by Chair Davis welcoming the Board to the meeting.

2. Approval of the minutes of the meeting of the Board of Trustees held on December 17, 2024.

The minutes of the above meeting were reviewed. Trustee Lopez-Soto moved to approve the Board minutes, which was seconded by Trustee Madigan. The Board approved the motion unanimously.

3. Executive Report

Ms. Fecko reported that since her Executive Report was written, the state legislature has released its "One Bill," where it adopted the provisions in the Executive Budget related to IOLA. The proposed budget recognizes IOLA as a fiduciary fund and refrains from any transfer of IOLA funds to other programs. IOLA's 5-year grant cycle and Justice Infrastructure Project (JIP) are also endorsed in the Governor's Briefing Book. The legislative budget further includes IOLA's requested increase to its administrative budget. A concern in the proposed budget is that it includes only $77.5 M appropriation, and not the $80M that IOLA requested. The $80M request stems from the Board's June 2024 5-year grantmaking plan, which provided for $77.5M for grants and $2.5M to launch JIP.

IOLA has advocated to DOB that its spending request should be honored because we are a fiduciary fund, our revenue balance supports the request, and because withholding the $2.5M does not save the state any money as those withheld funds can not be used for other State projects. Moreover our revenue balance actually exceeds the projections that we made in October by $11M. We understand that many grantees have done some advocacy to the legislature in support of IOLA's spending request as well.

In the event the final enacted budget still does not contain the $2.5M, there are implications to consider on the 5-year grantmaking plan. Important to note is that the balance of 75% for CLS and 25% for AOJ grants, the supplemental AOJ grants in FY 27-30, as well as funding going forward for JIP were all premised upon receiving the appropriations requested. Ms. Fecko does not recommend at this time that the Board reconsider the allocation of funds in the grantmaking plan. Rather, she recommends proceeding as planned for FY26 and pausing the $2.5M spending on JIP this year. She stated that the full administrative budget may allow IOLA to continue planning on JIP. Moreover, due to one declined grant there is a modest amount of money to redirect to JIP.

For our FY27 budget request, Ms. Fecko proposes adding the $2.5M shortfall into our request, thus seeking $102.M in total appropriations and not $100M. Ms. Fecko has discussed this with DOB but DOB cannot give us assurances for future year appropriations at this early stage. If we receive the full $102.5M in our FY27 budget, the Board may want to reconsider the 5-year grant plan, but this is a matter to address at a later date.

Regarding the 5-year procurement, the record is still pending with OSC. We continue to follow up with OSC and are hopeful it will be approved any day. All of the contracts are ready to go pending OSC final approval. Ms. Fecko thanked Ms. Agard and Ms. Fehringer and the entire IOLA team for their work preparing the procurement record.

There is one grantee that declined its IOLA grant, which will be discussed in Executive Session. Those funds from that declined grant total $1M over 5 years, with about $155K allocated for FY26. This money will revert to IOLA's grant budget. This money could be used as seed money for JIP, but cannot fully replace the $2.5M shortfall discussed earlier. Ms. Fecko anticipates presenting recommendations at the June Board meeting as to how to best utilize that money.

With respect to IOLA operations, the current draft budget includes authority to hire two new positions. Once the budget is final, we will begin recruiting for those positions along with filling one vacant one..

Regarding the office lease issue, we are working with a real estate broker. Ms. Fecko thanked Ms. Agard for leading on this issue. We have identified 12 office space options, four of which provide better value in terms of price, space and amenities than our current location. We recommend to the Board that IOLA move to a new space and we have a Resolution prepared for a vote to that effect. Ms. Fecko thanked Chair Davis for agreeing to assist and work with Ms. Agard on the lease and office move.

We are hoping to complete the Online Attorney Enrollment System by the end of this calendar year.

Ms. Fecko advised that IOLA had a convening of about 70 people in January focused on the statewide support function component of JIP. Four consulting groups consisting of 39 individuals formed subsequent to the convening and they have been meeting monthly ever since to advance recommendations regarding the statewide support function. We aim to get those recommendations from the consulting groups in May, so that the Board may consider their proposals at the June meeting. We continue to support training through Just-Tech looking at cybersecurity and AI issues. There is a detailed report in the Board Book from Just-Tech on the training initiatives.

Our reconciliation of FY25 spending revealed available funds that we can grant out as small JIP Readiness grants. We discussed with DOB whether we could roll the money forward to FY26 but that is not an option due to the cap on our FY26 grant appropriation. The grant funds would be used for work on projects such as coordination, case management systems, AI tools, tech assessments of internal functions, or process improvements to intake, as examples. Each CLS grantee would receive $30K and each AOJ grantee $20K, totaling $2M. A Resolution will be presented at the end of the meeting regarding the JIP Readiness grants.

Yesterday, we held the first of four receptions to introduce IOLA leadership to the grantee community. We are pleased to report that we had over 50 attendees. Ms. Fecko thanked Brett Parker and Kurt Denk and the NYC Bar for hosting us. We have additional receptions scheduled for Buffalo on April 15, Albany on May 6 and Syracuse on June 4. The flyer is in the Board Book and Board members are welcome to attend any of the receptions.

Chair Davis next presented two Resolutions to the Board, the first being a Resolution authorizing IOLA to pursue a new lease. Ms. Fecko added that we would work within our budget regarding a proposed new lease. Chair Davis asked for a motion to approve the Resolution, and Trustee Cirando so moved. Trustee Soto-Lopez seconded the motion. The motion was approved unanimously. Chair Davis next asked for a motion to approve a Resolution authorizing the JIP Readiness grants, which Resolution appends the list of grantees and proposed disbursements. Trustee Cirando so moved, and Trustee Soto-Lopez seconded the motion. The motion was approved unanimously.

4. Administrative and Financial Report

Ms. Agard provided an overview of the Administrative Report. Ms. Agard reported that IOLA's cash balance on December 31, 2024 was approximately $568M. For the month of January 2025, our deposit revenue is $16M, our STIP revenue is $2.2M, minus administrative expenses of $186K, and grant expenses of $6.59M. The opening cash balance in February 2025 was approximately $580M.

Ms. Agard noted that the banking report has been streamlined for the Board book going forward. Ms. Fecko added that we combined the information on the Delta

Consulting reports with our own data collection to streamline the report for the Board.

Ms. Agard advised that the net yield was 2.24% for January 2025. Ms. Agard also summarized the historical net yield and average daily balance over the last 12-months with the Board. Ms. Fecko added that due to interest rate cuts in Fall 2024, the net yield has been on a downward trajectory. It is not clear whether interest rates will continue to fall. Ms. Agard pointed out the historical revenue graph for the last four years showing revenue.

Ms. Agard noted a new chart in the Board book regarding a Budget Appropriation Overview, which reflects among other things, the FY25 appropriations in various categories, IOLA's FY26 budget request, the variance from the prior year, and the FY26 Executive Budget. Ms. Fecko added that we have a proposed Resolution for the Board so as to clarify the Board's approval for IOLA spending in these categories. We will update this Budget overview in the next meeting after the final enacted budget is approved.

Ms. Agard next reviewed the Functional Budget, which lists more specific items on the administrative budget. Ms. Fecko added that this report is new for the Board as well and provides better transparency as to where funds are allocated on the administrative side. Ms. Agard next reviewed the Variance Report with the Board, which provides the current month's expenditures.

Trustee Dunham asked for more information regarding the proposed two new positions and their salaries. Ms. Fecko responded that we intend to hire a government affairs coordinator to aid us on communications issues and to develop relationships with decision-makers in state government and the second position is an audit assistant with the grants team to help with the oversight of grant spending. The total amount IOLA has allocated for the two new positions is base salary of $150K, plus fringe and indirect costs of $94K. In addition, we have a vacant administrative assistant position that we will fill.

Ms. Agard next stated that there is a proposed Resolution to approve the Budget Appropriation Overview. Chair Davis asked for a motion to adopt the Resolution. Trustee Soto-Lopez so moved, and Trustee Cirando seconded. The Resolution was approved unanimously.

5. General Counsel's Report

Ms. Nyiendo advised she participated in 9 applicant debriefings from the last grant cycle with Ms. Fecko, which were a mix of successful and unsuccessful applicants. The successful applicants sought input on what worked well for their applications for their future reference.

IOLA is engaged in meet and greets with the grantee community, with one meeting having been completed yesterday. Other meet and greets are planned

for other areas of the state and will be combined with site visits to grantees where we will have an opportunity to learn more about the grantees' programs.

With regard to attorney bar matters, Ms. Nyiendo advised that she continues to be involved with the NYC Bar Association's Pro Bono and Legal Services Committee monthly meetings.

Ms. Nyiendo advised that IOLA reached a resolution with the Executive Chamber and State Comptroller's Office regarding IOLA's integrity and IOLA's funds going forward. Ms. Nyiendo also advised she participated in meetings with Ms. Fecko and DOB regarding IOLA's FY 26 budget proposal.

Regarding ethics matters, Ms. Nyiendo reported that all IOLA staff and Board members have completed their mandatory 2024 ethics training. She will circle back with the staff and Board later in the year regarding completion of the 2025 training. Ms. Nyiendo advised that the Financial Disclosure Statement (FDS) is due May 15. All Board members are three staff members are considered policy makers and are thus mandatory filers. An email will come from COELIG around April 15 to remind the mandatory filers of the deadline. Ms. Nyiendo will be in touch later with more information as the FDS deadline approaches.

Ms. Nyiendo advised that on February 19, the NY Court of Appeals issued a ruling in *Cuomo v. COELIG* on a challenge to the constitutionality of COELIG's enabling statute. In a 4-3 close decision, the Court affirmed the constitutionality of COELIG, thus solidifying the agency of the regulator for ethics and lobbying activity in NY State. The Court recognized that the statute went right up to the line of what is constitutionally permissible for COELIG's structure, but ultimately held that the statute was constitutional. Important to the Court's finding was the notion that it is an inherent conflict for an executive to police itself, and that maintaining trust by the public in government is paramount.

Lastly, Ms. Nyiendo stated that before the Board is a proposed Resolution thanking four bar associations and an individual attorney who supported IOLA in its advocacy on behalf of IOLA's integrity. The Resolution also thanks the law firm of Greenberg Traurig and partner Hank Greenberg for their pro bono representation of IOLA on this matter. Chair Davis asked for a motion adopting the Resolution which Trustee Madigan so moved, and which was seconded by Trustee Cirando. The Resolution was adopted unanimously.

6. Next Meeting

Ms. Fecko advised that the next Board meeting is June 4 in Syracuse. If any Board members need assistance with travel arrangements, IOLA can facilitate that. Following the June 4 meeting, IOLA will have a reception for grantees at the same location.

7. Executive Session

Chair Davis made a motion to enter into Executive Session to consider matters relating to the financial history and appointment of a particular corporation, specifically an IOLA grant applicant; potential litigation; and the proposed lease of real property. The motion was seconded by Trustee Galowitz and unanimously approved.

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There being no further business before the Board, the meeting was adjourned at approximately 1:58 p.m.

Respectfully submitted,

Licha Nyiendo
General Counsel