

IOLA Fund of the State of New York
Meeting of the Board of Trustees – New York, NY
September 17, 2025
FINAL

Present: Chair Cheng de Castro and Trustees Cohen, Kummer, Hegt, Dunham, Agarwal, Lindenauer, Davis and Hinds-Radix.

Public

Videoconference: Trustees Cirando and Villaverde

Absent: Trustee Ross

Staff: Fecko, Nyiendo and Reyes

1. Call to Order.

The meeting was called to order by Chair Cheng de Castro at approximately 1:05 p.m. Remarks by Chair Cheng de Castro welcoming new Board members and thanking Trustee Davis for meeting with her and providing guidance.

2. Approval of the minutes of the meeting of the Board of Trustees held on June 4, 2025.

The minutes of the above meeting were reviewed. Trustee Cirando moved to approve the Board minutes, which was seconded by Trustee Lindenauer. The motion passed with three abstentions.

3. Executive Report

Ms. Fecko welcomed Chair Cheng de Castro and other new Board Trustees and introduced Ms. Riccio, a new employee. Ms. Fecko thanked the new and veteran Board Trustees for their engagement in the Board Orientation a few weeks ago. Ms. Fecko thanked Ms. Nyiendo, Ms. Agard, Ms. Fehringer, and Ms. Reyes for their work on the Orientation. Ms. Fecko expressed her deep gratitude to the departing Trustees, Edwin Soto-Lopez, Paula Galowitz and Kathryn Madigan. Ms. Fecko also thanked Trustee Davis, who recently stepped down as Chair but remains on the Board, for her many years of service.

Ms. Fecko reported that 86 of our 5-year operating grants have been fully executed with timely Q1 payments. We are preparing for Q2 payments in October.

Ms. Fecko thanked Ms. Fehringer and Ms. Thompson for their efforts in completing the annual analysis of our grantees' work derived from our GAR data. The analysis is shared every year with the Permanent Commission on Access to Justice. Specifically, IOLA prepares an Economic Impact Analysis from the GAR data. In FY '25, nearly \$5.5 billion in benefits and savings inured to New York

based on the civil legal services work of our grantees. For every \$1 dollar invested the State of New York receives \$5.84 in return. This Economic Impact Analysis work has been an important piece in the Commission's argument for increased investment in civil legal services.

Turning to Operations, Ms. Fecko congratulated Ms. Agard and Ms. Moffatt on their recent retirements and extended her best wishes. Ms. Fecko stated that Mr. Saco Mizhquiri will be joining IOLA at the end of September as a Procurement Specialist. We also expect to hire a Government Affairs Coordinator shortly. We further expect to hire a Banking Specialist and Director of Administration by the end of October, which positions were each respectively vacated due to the retirements. Regarding the Audit Specialist, we have put that hire on hold so as to allow the incoming Director of Administration the opportunity to evaluate our needs and possibly adjust the job duties of that role. We hope to fill that position by January 1.

Regarding the Justice Infrastructure Project, Ms. Fecko advised that we held a highly successful Summit on August 4 and 5 at Albany Law School. There were 162 people in attendance from 64 grantees. Ms. Fecko added there was tremendous engagement and excitement about the JIP project. Ms. Fecko thanked Albany Law School, and its staff and students; the Just-Tech team; Mr. Steinkamp from Stout; and Ms. Fehringer and Ms. Thompson for their work in organizing the Summit.

We have convened four new consulting groups, with 48 people working in those groups over the next 6 months. The next stage of our work will be focused on public-facing information and referral tools. The consulting groups will be developing recommendations, which should be available by the March 2026 Board meeting.

We are looking to move forward with an RFP for the development of the State-wide Training Center for legal services staff and volunteers. Training was the highest priority item as relayed by our last consulting groups. We did an RFI over the summer on how to form an RFP in the most strategic way. We anticipate releasing an RFP towards the end of the month, subject to the various approvals of our state partners. It will be one award for a 4-year time period for a total of up to \$4 million. The funding would come from our grant budget because the grantee will be a non-profit entity. The applications will be made available to the Board through the Smart Simple portal and we anticipate the Board will make a determination in December.

(Trustee Villaverde left the meeting at 1:21 pm)

Trustee Lindenauer inquired whether a current grantee could be awarded the RFP. Ms. Fecko replied that we will open up the opportunity to current grantees as well as others who do not presently have a grant.

Ms. Fecko stated that she is testifying tomorrow at the Chief Judge's Hearing on Access to Justice and her remarks will focus on the likely impact of federal funding cuts and program restrictions and the communities they serve.

Ms. Fecko stated that IOLA's goals for next quarter are to focus on the FY '27 Call Letter from DOB; advancing the JIP project, both the RFP and supporting the consulting groups; finalizing the office lease and office move; and complete hiring and onboarding of new staff.

Going forward, we will invite Trustees to add any new business items on the Board agenda prior to the Board meeting.

4. Resolution

Chair Cheng de Castro asked for a motion to adopt the Resolution thanking the departing Board members and thanking Trustee Davis on her service as Chair. Trustee Cohen so moved and Trustee Agarwal seconded. The Resolution passed with one abstention.

5. Administrative and Financial Report

Ms. Fecko provided an overview of the Administrative Report. Ms. Fecko noted that she handed out to the Trustees a corrected page 1 of the report and posted the same on our webpage.

The June 2025 net earnings were nearly \$19M with average daily balances of just over \$10B. The net yield was 2.15%. This net yield has remained steady for the last few months.

Ms. Fecko noted the charts that reflect the net interest over the last 12 months and the 3-month moving average, which smooths out variability resulting from payment by some banks that remit quarterly. Our June average daily balance was at all-time high for the last 36 months. The 50 basis cut in interest rates from Q4 in 2024 have now taken effect and our yield has been steady since February. However, we expect the Federal Reserve to cut rates today as well.

In response to questions from the Board, Ms. Fecko explained that real estate transactions likely represent the majority of the average daily balances. Over the last several years, we have been between \$8 - \$10 billion in average daily balances. However, the interest rate is the primary factor driving revenue.

We will be monitoring the rates of banks to ensure that they are paying the correct rates as banks tend to drop rates without first seeking pre-approval, which they are required to do.

The remaining attachments in the Administrative Report provide detail on bank remittances, including our top 30 banks by average daily balances. The top 30 banks account for over 90% of our balances.

Regarding the Budget, Ms. Fecko stated that due to the recent retirement of our Director of Administration we were not able to prepare a budget variance report for this Board meeting. We have been working to transition all the former Director's duties to other staff until we can hire a replacement. In that vein, we recently discovered that there was a large overspending of \$354K in our NPS category attributable to a carry-over from the FY '25 payments on the JIP project for work performed in FY '25. Although the work was performed in FY '25, due to delays in getting approval of the contract, payments were not made until Q1 of FY '26.

When we discount for those payments on the JIP project, we are on track with our expected NPS spending. For a short-term solution, we are taking steps to make sure we are within our spending limit for the entire fiscal year. We are expecting to realize a lot of savings from both the proposed lease and staff vacancies. We currently have 11 FTEs but several of those positions are new, and those hires will not occur until well into the current fiscal year. Moreover, the two retirements previously mentioned will result in additional savings. We are preparing a detailed spending projection and meeting Friday with DOB to discuss our financial forecast. We will be preparing updated projections on a monthly basis and will be meeting with DOB to review these projections and work together to manage our spending.

In terms of a long-term solution, we will plan on improving our variance report to the Board to add both projections and accounts payable data on it. Our incoming Director of Administration can also recommend other internal controls, as appropriate. Our new Audit Specialist may also be helpful in providing input in this area.

Discussion ensued by the Trustees regarding the mechanics of making payments on contracts and the inability to carry over cash allocated for those contracts to the next fiscal year. Ms. Fecko noted that we have been working closely with DOB to understand the fiscal landscape and the mechanics of how spending is booked.

Regarding FY '27, we expect the Call Letter from DOB to come out in October or November, prior to the next Board meeting. We have a proposed Resolution authorizing us to submit to DOB our base appropriation request. The Resolution has high level budget categories. Apart from an increase representing the salary for a new Program Analyst, we did not otherwise include an upward adjustment in our Budget request from the prior year as we expect DOB to require agencies to seek a flat budget. Should there be any additional requests, we will be seeking them through a separate letter to DOB, as per the normal process.

At the March Board meeting, we will present a more detailed Budget as we will have the benefit of the Executive Budget, which comes out in January.

6. Resolution

Discussion ensued regarding modifications to the draft Resolution approving the budget. Chair Cheng de Castro and other Trustees proposed various modifications. Chair Cheng de Castro asked for a motion to adopt the Resolution as amended. Trustee Cirando so moved and Trustee Lindenauer seconded. The Resolution passed unanimously.

7. General Counsel's Report

Ms. Nyiengo welcomed the new Board Trustees. Ms. Nyiengo advised that IOLA held a Meet & Greet reception event with grantees immediately following the last Board meeting on June 4 in Syracuse that was well attended.

Ms. Nyiengo advised that she continues to be engaged with other IOLTA programs, legal services coalitions, and grantees to discuss the changing landscape for non-profit federal funding. Those conversations are ongoing.

Regarding attorney and bar association matters, Ms. Nyiengo advised that she attended meetings of the NYC Bar Association's Pro Bono and Legal Services Committee on June 12 and September 9. Ms. Nyiengo also attended the Immigration Rights Funders Working Group meeting, which consists of immigration-focused non-profits and other funders on June 18 and July 9.

Regarding banking compliance, Ms. Nyiengo advised that she continues, as per usual, to respond to inquiries from attorneys and banks regarding issues with IOLA account management. Ms. Nyiengo stated that she has put in additional time on banking and compliance matters due to the retirement of the Banking Specialist and will continue to do so until this position is filled.

Regarding legal matters, Ms. Nyiengo continues to work on updates to IOLA's employment handbook. We hope to have the new handbook completed in November.

Regarding lease matters, Ms. Nyiengo advised that we continue to engage in lease negotiations. More information will be provided in Executive Session. Our current lease expires on November 30 and we may do a Holdover.

Regarding ethics matters, Ms. Nyiengo reported that she was a panelist on a CLE organized by the NYC Bar Association on the topic of ethics and escrow accounts on June 24. Ms. Nyiengo was also a panelist on a NYS Bar Association's ethics and escrow account CLE on September 12. Moreover, earlier today, Ms. Nyiengo conducted a training to Board Trustees and staff covering the materials in the Comprehensive Ethics and Training Class (CETC) so as to meet the annual ethics requirement for State employees and policymakers.

Ms. Fecko added that she and Ms. Nyiendo received reach out from the US Virgin Island IOLTA program seeking guidance in establishment of their new IOLTA program. We have a call scheduled in a couple weeks with that program.

8. Executive Session

Chair Cheng de Castro made a motion to enter into Executive Session to receive advice from the General Counsel on a matter relating to the financial history of a particular corporation, specifically a reimbursement request; the financial history of a particular corporation, specifically an IOLA grant applicant; and ongoing lease negotiations. Trustee Cirando so moved and Trustee Lindenauer seconded. The Motion was unanimously approved.

9. Resolutions

Upon returning from Executive Session, Chair Cheng de Castro summarized the resolution regarding the reimbursement request. Chair Cheng de Castro asked for a motion to adopt the Resolution denying the reimbursement request. Trustee Lindenauer so moved and Trustee Cirando seconded. The Resolution denying the reimbursement was approved unanimously.

Chair Cheng de Castro asked for a motion to adopt the Resolution to authorize spending of funds for a Holdover. Trustee Cirando so moved and Trustee Davis seconded. The Resolution was unanimously approved.

9. Next Board Meeting

Chair Cheng de Castro advised that the next Board meeting is on December 3, 2025 in New York City.

10. Press Matters and Grantee Presentations

Ms. Fecko advised that the Board book includes an article from the NY Law Journal describing the appointment of the new Trustees and highlighting the work of the IOLA Fund as well as a handful of other articles about recent accomplishments of our grantees.

Ms. Fecko advised that immediately following the Board meeting, five grantees will present to the Board an overview of their civil legal programs. The grantees are: Legal Services NYC, NY Legal Assistance Group, City Bar Justice Center, Legal Aid Society, and Sanctuary for Families.

Chair Cheng de Castro asked for a motion to adjourn the meeting. Trustee Cirando so moved and Trustee Cohen seconded. The motion passed unanimously. The meeting was adjourned at 3:30 pm.

Respectfully submitted,

Licha Nyiendo
General Counsel