

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Friday, January 23, 2015

8:31 a.m.

Westin Colonnade Hotel
180 Aragon Avenue
Coral Gables, Florida 33134

COMMITTEE MEMBERS PRESENT:

Robert J. Grey Jr., Chairperson
Laurie Mikva
Martha L. Minow
Father Pius Pietrzyk, O.P.
Robert E. Henley Jr. (Non-Director member,
by telephone)
Allan J. Tanenbaum (Non-Director member)
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Charles N.W. Keckler
Harry J.F. Korrell, III
Victor B. Maddox
Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT:

James J. Sandman, President
Lynn Jennings, Vice President for Grants Management
Wendy Rhein, Chief Development Officer
Rebecca Fertig Cohen, Special Assistant to the
President
Ronald S. Flagg, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary
David L. Richardson, Comptroller and Treasurer,
Office of Financial and Administrative Services
Carol A. Bergman, Director, Office of Government
Relations and Public Affairs
Carl Rauscher, Director of Media Relations, GRPA
Jeffrey E. Schanz, Inspector General
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel, OIG
Daniel O'Rourke, Assistant Inspector General for
Investigations, OIG
David Maddox, Assistant Inspector General for
Management and Evaluation, OIG
Janet LaBella, Director, Office of Program
Performance
Glenn Rawdon, Program Counsel, Office of Program
Performance
Jane Ribadeneyra, Program Analyst, Office of Program
Performance
Lora M. Rath, Deputy Director, Office of Compliance
and Enforcement
Herbert S. Garten, Non-Director Member, Institutional
Advancement Committee
Frank B. Strickland, Non-Director Member,
Institutional Advancement Committee
Nikole Nelson, Executive Director, Alaska Legal
Services Corporation
Rafael E. Rodriguez Rivera, Community Law Office,
Inc., Puerto Rico
Charles Hey-Maestre, Executive Director, Puerto Rico
Legal Services, Inc.
Anthony Young, Executive Director, Southern Arizona
Legal Aid, Inc.

Robin C. Murphy, National Legal Aid and Defender
Association (NLADA)
Judge Emerson R. Thompson, Jr., President, Florida
Bar Foundation

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1 P R O C E E D I N G S

2 (8:31 a.m.)

3 CHAIRMAN GREY: Good morning. This is the
4 time for the Finance Committee meeting. I see we have
5 a quorum.

6 For that reason, I'm going to ask that the
7 Committee approve the agenda.

8 M O T I O N

9 FATHER PIUS: So moved.

10 MR. LEVI: Second.

11 CHAIRMAN GREY: All in favor say aye.

12 (A chorus of ayes.)

13 CHAIRMAN GREY: It has been approved.

14 The second item is the approval of the minutes
15 from the October 6 meeting. I will accept a motion if
16 they are in order.

17 M O T I O N

18 DEAN MINOW: So moved.

19 FATHER PIUS: Second.

20 CHAIRMAN GREY: All in favor say aye.

21 (A chorus of ayes.)

22 CHAIRMAN GREY: The discussion of the

1 Committee's evaluation for 2014 is in your book. And a
2 couple of items that I noticed were flagged for me, and
3 one was the idea of working more closely with the Audit
4 Committee in regard to budget issues, but in
5 particular, the IG's budget.

6 I think that we continue, I think, to find new
7 ways to understand better how LSC works and how we can
8 be efficient in the way in which we do that. And I
9 will talk to Vic about that. But it makes sense that,
10 from an operational standpoint, the Audit Committee
11 works with the IG, and from a budgetary standpoint, the
12 Finance Committee is responsible for that.

13 So I don't think it's a bad idea for us to
14 have a joint meeting before the budget about issues
15 generally, but certainly in support of the IG's budget
16 as well.

17 I see that one comment is more in-depth
18 analysis. I thought David's done a pretty good job of
19 responding to our requests for that. Sharon, before
20 she left, was our hawk eyes on things, and she actually
21 helped, I think, a lot in the way we now look at the
22 budget.

1 Allan and Bob have also added, I think, a set
2 of eyes on the budget from a different perspective that
3 I think has given us a better analysis of it. But I
4 think we're always open and happy to look at new ideas
5 if there are any.

6 MR. TANENBAUM: Robert, I know I had had this
7 discussion with Bob, that during the period of time
8 when we're not going through this process of approving
9 the budget itself, there's down time when the Committee
10 could delve into the basis for some of the allocations
11 that are being made in the categories.

12 I think the in-depth analysis was not so much
13 from the numbers and the accounting as it was to better
14 understand, how did the budget number get created in
15 the first place? Is it just a number from last year
16 and you don't put a percentage increase, or you do?

17 But to have the opportunity to start at a
18 baseline of an area and say, what do you need to be
19 able to do that job appropriately, and just to verify
20 that the numbers that we're talking about are the right
21 numbers, I think that was the genesis of the
22 conversations that the Committee had around the IG

1 budget.

2 It had nothing to do with the request of the
3 IG. It was just being able to understand the baseline
4 function needs and then what is the amount needed to
5 fund that. I think that's what the in-depth analysis
6 meant. It wasn't on more information about the number
7 itself.

8 CHAIRMAN GREY: Yes. I think that's right.
9 And the other side of that is, how do you measure
10 performance against budget? And it's a challenge
11 because it's hard to find peer groups like us. We are
12 really different than everybody else. But there are
13 similarities out there, for sure. But I think that
14 should be something we should continue to strive to do.
15 So that's a good point.

16 Any other comments about the evaluation?

17 (No response.)

18 CHAIRMAN GREY: Thank you for doing it. And
19 hopefully we'll get better as a Finance Committee at
20 supporting the Board's understanding of the budget, and
21 we'll learn more from staff as we go along.

22 Presentation of LSC's financial report for

1 2014. Mr. Treasurer?

2 MR. RICHARDSON: Thank you, sir. For the
3 record, I am David Richardson, the treasurer/
4 comptroller of the Corporation. I'll be referring to
5 pages 241 and following in regards to the annual
6 financial report.

7 What I have done is laid out the budget in
8 each line. I've summarized the spending and provided
9 you the variance, the amount that we show as carryover
10 in the next budget. I've tried to explain, for
11 instance, in basic field, where we have \$508,000, that
12 that is earmarked for a closeout audit in Louisiana and
13 money for American Samoa.

14 You'll see in the next set of numbers, when we
15 talk about the 2015 budget, that we've made some
16 adjustments, and I'll explain those as we go through
17 there. But I've laid out each line to show you what
18 has been spent, what the carryover is, and then how we
19 intend to use the carryover in the next budget.

20 Let me stop there and ask and see if you have
21 any particular questions in regards to the memorandum.

22 And I'll be glad to answer those.

1 FATHER PIUS: It looks like we're finally
2 getting some movement in American Samoa as regards to a
3 grantee. It seems the possibility's there more than we
4 had before. And that's been vacant for quite a while.

5 Have we built up the revenue over time, or
6 has, every year, that money that's gone unspent gone
7 back into the general fund?

8 MR. RICHARDSON: We have kept the current
9 year. For instance, we have 2014 and 2013. Any money
10 prior to that we've plowed back into basic field and
11 given to every grantee an allocation of that.

12 FATHER PIUS: So we have enough to give them,
13 assuming we get a grantee, a large boost at the
14 beginning. But then that annual appropriation will
15 then cut back to a normal level?

16 MR. RICHARDSON: That is correct.

17 PRESIDENT SANDMAN: And Father Pius, we now do
18 have a grantee, and we are using that money to help get
19 them up and running.

20 FATHER PIUS: And I think it's important to
21 have the extra funds for the first year because I think
22 the infrastructure costs for the first year are

1 certainly worth it. So good. That's wonderful news.

2 Thank you, Jim.

3 MR. RICHARDSON: With no further questions
4 there, I'll go to the next item. That is to report on
5 the two-month spending. And again, we've laid the
6 memorandum out to explain what our budget is; the
7 amount of money that we have spent thus far; basic
8 field programs. You'll see the budget.

9 We have not awarded any money, or didn't award
10 any money, until January. You'll see that the basic
11 field budget was \$336 million. We actually provided
12 \$338 million, and that is because of the increase in
13 the appropriation. And we are, in the next agenda
14 item, going to ask you to amend the budget to include
15 that.

16 The resolution that you passed in October gave
17 us the authority to increase or decrease the grant as
18 is needed by the appropriation. So we've increased it,
19 which was good news since we got an additional \$10
20 million for our operations and for grants.

21 The main thing here is the spending is, of
22 course, Management and Inspector General. We are well

1 within budget right now. We've got a variance of 12
2 percent under budget for Management and a variance
3 under budget of 14 percent for the IG.

4 We do have a number of open positions in
5 Management that I have identified on page 257. We've
6 had some turnover in staff. And we, as noted here,
7 have filled some positions and hope to fill others very
8 shortly.

9 In particular, in the Office of Human
10 Resources, we've had some turnover there, and we've
11 already hired people to come back in there; the three
12 positions in Program Performance, three positions in
13 Compliance and Enforcement, and then in Information
14 Management.

15 So as we move into full operations this year,
16 we hope to get those on board very quickly so that we
17 can continue our operations, continuing implementing
18 the Fiscal Oversight Task Force recommendations and the
19 Pro Bono Task Force recommendations with the new
20 staffing that we're recommending.

21 CHAIRMAN GREY: Filling those positions, will
22 that fully staff in compliance with the Fiscal

1 Oversight Task Force report?

2 PRESIDENT SANDMAN: They didn't make any
3 specific recommendations about the numbers of staff,
4 but adding fiscal expertise was clearly a component of
5 their recommendations. And with these additions, we
6 think we will be where we need to be.

7 MR. TANENBAUM: Jim, can I ask, in filling
8 these positions, are you having any pushback because of
9 the wage level that you're constricted with? Is that a
10 problem, that you're just not competitive wage-wise, or
11 you feel that the salary classifications work and it's
12 just a matter of finding the right people?

13 PRESIDENT SANDMAN: I think it's the latter.
14 We are not running into consistent problems because
15 people are telling us that we're not paying enough. I
16 think the bigger problem is that the outside world
17 doesn't understand what it means to be a fiscal
18 compliance analyst at the Legal Services Corporation.

19 (Laughter.)

20 PRESIDENT SANDMAN: We use different
21 terminology when we advertise. When the Office of the
22 Inspector General tries to fill positions that I would

1 regard as comparable, they do it much more easily.

2 But I think that's because there's an
3 Inspector General community. There are people out
4 there who understand what Inspectors General do, and
5 that there's a pool of people in that market who know
6 what an opening means when one is posted.

7 MR. LEVI: So are they a source of potential
8 referrals for us, or we already have filled the
9 positions?

10 PRESIDENT SANDMAN: We have vacancies that
11 we're having difficulty filling.

12 MR. LEVI: So then I asked the question: Is
13 the IG community a place where we might go to try to
14 get referrals? A job's a job.

15 PRESIDENT SANDMAN: That's a good suggestion.
16 I think it is.

17 DEAN MINOW: Another suggestion is I wonder if
18 there's a way to work veterans because people coming
19 out of the service who have those skills, this would be
20 a great job.

21 CHAIRMAN GREY: Are we going to consider the
22 resolution, or do you have another?

1 MR. RICHARDSON: Not at this point. We're
2 going to ask Carol to speak about the 2015
3 appropriation.

4 CHAIRMAN GREY: Carol?

5 MS. BERGMAN: Thank you, Mr. Chairman. At the
6 October Board meeting, we were operating under a
7 continuing resolution that was in play until December
8 11th because Congress did not pass any individual
9 appropriations bills for FY '15.

10 There was an omnibus bill that did pass
11 Congress and was signed into law on December 16th for
12 FY 2015. And that's what David is referring to. That
13 included \$375 million for LSC, which is \$10 million
14 more than we had in FY 2014. And that split the
15 difference between the House and Senate bills. There
16 were bills that moved through both the House and
17 Senate. It's just that given the appropriations
18 process, nothing actually passed as a final bill.

19 So moving into the current year that we have
20 with this additional \$10 million, the largest increase
21 goes to basic field as 7.45, and then for the Pro Bono
22 Innovation Fund, we see an increase of \$1.5 million,

1 and an increase for the TIG program of \$550,000. And
2 Management also got an increase of \$500,000.

3 So that's what David's referring to with the
4 pro bono. This is obviously a huge increase, moving up
5 to \$4 million from \$2.5 in this past year. So we're
6 moving very quickly on that front.

7 So that's it on 2015. I just wanted to give
8 you the outlines of the budget that then David is going
9 to walk you through.

10 CHAIRMAN GREY: Thank you for waving your
11 magic wand again. That's very good.

12 FATHER PIUS: Carol, was there an increase in
13 the IG budget?

14 MS. BERGMAN: No, there was not.

15 MR. RICHARDSON: I'll be referring to pages
16 268 and following in regards to the Consolidated
17 Operating Budget. The budget we've been operating
18 under has been the temporary operating budget.

19 Carol has laid out the increases. On page
20 268, you'll see those. One thing -- the 365 was
21 subject to a .0554 reduction in the CR. That's the
22 reason there's a slight difference in our figures. So

1 the increase here is \$10,202,210, and I've broken it
2 out in the particular lines that they go to.

3 In addition to that, on page 269 we had
4 projected carryover. And now, with the audit completed
5 and delivered, we have the actual carryover. I've laid
6 out the differences there as to how they affect the
7 budget.

8 A couple of things to note. Father Pius was
9 asking about American Samoa. We do have a consultant
10 helping the American Samoa community get started. We
11 had the authority to move some money into Management to
12 help facilitate that, so we have moved \$46,500 from
13 basic field into MGO to help support that consultant.
14 Then you'll see the different lines here. The Court of
15 Veterans' Appeals, the projections were off slightly
16 here and there.

17 One other thing of note -- when we got the Pro
18 Bono Innovation Fund, we have authority to have 5
19 percent of that, or it's \$125,000, to help in the
20 oversight of that. So that money has been moved in
21 this budget proposal from the Pro Bono Innovation Fund
22 to MGO, and one of the things that we're wanting to add

1 here is a counsel in our program performance to help
2 support the administrative oversight of that particular
3 grant.

4 I've laid out on page 270 -- we've been
5 talking about the sustainability of our funding. And
6 we feel at this point we've got money for -- if we
7 remain a constant budget at what we received this year,
8 that we're going to have enough money for 2016 and 2017
9 and money perhaps into 2018, depending on staffing,
10 turnover of staff, if we can get '37 folks that we're
11 anticipating to hire on as quick as possible.

12 So we're trying to manage the money as
13 frugally and as expertly as possible to get the job
14 done to provide the support we need for the overall
15 program.

16 I'd be glad to answer any questions.

17 CHAIRMAN GREY: Julie?

18 MS. REISKIN: I thought the cy prè's money was
19 cool. Had we ever gotten that before?

20 MR. RICHARDSON: We've gotten \$100 here or
21 \$200. This is the biggest award that we've received.
22 And we've done the same thing with it in the past, and

1 I should have mentioned that. Thank you. We put that
2 in grants from other funds so that we can provide that
3 money to the field.

4 MS. REISKIN: I'm wondering, I don't see --
5 and maybe I'm not reading this right. But we have
6 grants from other funds like Public Welfare and those
7 kind of things. But where does fundraising money go?
8 Because that isn't a grant. Usually in nonprofit
9 fundraising, fundraising special events has its own
10 line.

11 MR. RICHARDSON: We don't have a budget for
12 that now. We'll be working with Wendy. That's one of
13 the things I plan to do in the next week or so or
14 couple of months so that we can come back and provide
15 that information.

16 Her budget, by the way, is included in the
17 Executive Office. But of course, when you looked at
18 the 990 yesterday, that information is broken out
19 separately for 990 purposes. So we do keep it all
20 separate.

21 MR. TANENBAUM: Robert, as this fundraising
22 arm gets ramped up and we have significant money coming

1 in and going out, it would seem that somebody should
2 look to see which Committee of the Board should have
3 oversight of either the budget for that money, or the
4 financial controls and processes and procedures for
5 that money might be housed in the Audit Committee.

6 But there may be a whole different set of
7 principles to work around that because as funders are
8 going to be providing significant dollars, hopefully,
9 namely foundations, there's a whole different realm of
10 accountability that they want. And I think that they
11 would want to know what Committee of the Board is
12 providing the oversight to make sure that the money is
13 handled according to --

14 MR. LEVI: Well, we're not going to have a new
15 -- the Institutional Advancement Committee has been
16 receiving the budget as it's been --

17 MR. TANENBAUM: Right.

18 MR. LEVI: But I think it's our regular
19 committees. We can't have --

20 MR. TANENBAUM: Right.

21 MR. LEVI: We're too small a Board and too
22 small an operation to empanel different groups. But I

1 think your point is very well taken, and I don't think
2 we expect any difference.

3 FATHER PIUS: Eventually it needs to be
4 incorporated into this budget and brought to this
5 Committee.

6 MR. LEVI: Well, either into this budget or to
7 a supplement.

8 MR. TANENBAUM: I'm just suggesting the
9 charter may need to be looked at of the Committees to
10 make sure that somebody has the responsibility for
11 monies that don't come from the federal government.

12 MR. LEVI: Sure. Well, we have been getting
13 monies that don't come from the federal government, so
14 I think they're under this Committee, aren't they?

15 CHAIRMAN GREY: Yes. I think Allan's point is
16 the size is shifting. We're starting to look like a
17 group that needs to understand not only the management
18 of money given by others, but also the investment
19 opportunity, I think, goes with that as well.

20 FATHER PIUS: Because you're talking about a
21 number now -- at \$4 million, it's the size of the OIG
22 budget.

1 MR. LEVI: Well, and there's a particular very
2 large grant, one in particular, that I'm aware of.

3 MR. TANENBAUM: Because you'll have large cash
4 balances, unlike this, where hopefully rates will be at
5 a point where it's not negative net investment.

6 PROFESSOR VALENCIA-WEBER: Does it enter into
7 what you're raised, Allan -- what sometimes arises, I
8 know, with universities and others that seek endowments
9 and funds, and the donor is usually very explicit about
10 saying the purpose that it's given for and that it is
11 not for ordinary running expenses.

12 However, internally we keep track of the
13 money, but we need to assure a donor that it's not been
14 put into paying for electricity or something.

15 MR. TANENBAUM: Sure.

16 MR. RICHARDSON: And we are doing that. We
17 have separate accounting for the grant that we
18 received. We've got separate accounting for the funds
19 that have been raised, and we track that information.

20 So we have that information, and we will be
21 providing that, with Wendy, to the Institutional
22 Advancement Committee, and if we can piggyback that, to

1 the Finance Committee, also.

2 CHAIRMAN GREY: Okay. Father Pius?

3 FATHER PIUS: The increase from last year --
4 so we've got an increase of about \$500,000 in the
5 current Management budget. Can you give an idea of
6 where we plan for that money to go? How is that going
7 to benefit the Corporation, in other words? Have we
8 thought about it that way?

9 MR. RICHARDSON: We have. The increase that
10 is laid out in the document itself adds up to like
11 \$460,000. There's \$40,000 or so that was not accounted
12 for. But it's basically a counsel --

13 FATHER PIUS: Oh, that's for these before --

14 MR. RICHARDSON: Fiscal oversight. Yes.

15 FATHER PIUS: I see. I didn't realize that
16 that was the description of where all that was going.

17 Just one of the things -- and maybe this is a
18 question more for Jim -- I will say one of the things I
19 was surprised was that much was the big variance in the
20 Human Resources budget, about 20 percent under-budget
21 when it came to Human Resources.

22 What does our full-time employment or FTE

1 number look like for last year? Is that going to be
2 different? Are we going to have more employees next
3 year? Are we planning to hire more?

4 PRESIDENT SANDMAN: Yes.

5 FATHER PIUS: How will that look in the
6 upcoming year?

7 PRESIDENT SANDMAN: Yes.

8 MR. RICHARDSON: FTE last year, and I don't
9 have the exact figure, but it averaged around 96 to 98.
10 If we get full employment, it'll be 110.

11 FATHER PIUS: If we were at full employment
12 last year, what would it have been? About the same?

13 MR. RICHARDSON: A hundred and one.

14 FATHER PIUS: So we're thinking about a fairly
15 significant increase in the number of employees. Good.

16 PRESIDENT SANDMAN: Yes.

17 MR. RICHARDSON: That concludes my report, and
18 we now have the resolution.

19 M O T I O N

20 DEAN MINOW: So moved.

21 CHAIRMAN GREY: Second?

22 FATHER PIUS: Second.

1 CHAIRMAN GREY: All in favor of the
2 resolution, as proposed, say aye.

3 (A chorus of ayes.)

4 CHAIRMAN GREY: Opposed, no.

5 (No response.)

6 CHAIRMAN GREY: Ms. Bergman?

7 MS. BERGMAN: Thank you, Mr. Chairman. So FY
8 2016. The Board voted on the budget for 486.9 to move
9 forward for 2016. We submitted that to OMB in early
10 September, on September 9th.

11 For the past two years, the LSC Board has
12 requested \$486 million. The FY '16 request includes an
13 increase of \$900,000 for the Office of the Inspector
14 General, per their request.

15 The congressional budget justification, we are
16 anticipating having that completed and ready to go up
17 to Capitol Hill on February 2nd, which is the timeline
18 that the White House is anticipating that they will
19 send up their budget as well.

20 Things will move on a fairly fast timeline at
21 that point. We know that the incoming chairman of the
22 Senate Budget Committee, Mr. Enzi, has already

1 scheduled time for the Budget Committee to review a
2 resolution, and they've scheduled floor time in the
3 Senate. They're expecting to have a budget resolution
4 by April 15th.

5 Mr. Cochran, the incoming chair of the Senate
6 Appropriations Committee, has made in his first
7 interview that he anticipates having an open amendment
8 process on the appropriations bills. He's looking
9 forward to moving all 12 appropriations bills in the
10 Senate. There's been a lot of conversation with their
11 counterparts in the House, so we're expecting things to
12 move on a fairly fast timeline.

13 The way this normally works, after we send it
14 up, we set up meetings with the staff for the House and
15 Senate Appropriations Subcommittees with jurisdiction
16 over LSC, and then we try and meet with the staff for
17 all of the members that sit on the subcommittee to walk
18 them through what our budget request looks like.

19 I'd be happy to review the specifics of the
20 budget request if that would be helpful, or we could --
21 it looks exactly like it did last year, but I can walk
22 you through it if that would be helpful.

1 CHAIRMAN GREY: Thank you.

2 MS. BERGMAN: You're welcome.

3 FATHER PIUS: Robert, do we have a timeline?
4 We start the 2017 at the next meeting, at the April
5 meeting?

6 CHAIRMAN GREY: We generally set the schedule
7 up at that time. But it is -- Carol, go ahead.

8 MS. BERGMAN: No. We usually --

9 FATHER PIUS: And is the timing going to
10 change because of the change in practice in the Senate?

11 MS. BERGMAN: No. No, no, no, no. What we
12 normally do is set up the conversations to take place
13 at the July board meeting. But we set up telephonic
14 meetings of the Finance Committee in June to look at
15 Management's memo regarding the budget proposal to the
16 Board for the next fiscal year so that the timeline is
17 that a decision can be -- the full Board can make that
18 decision by if not the July Board meeting, at least
19 during August because the budget proposal for the next
20 fiscal year is always due to OMB right after Labor Day.

21 MR. RICHARDSON: And in June also is when we
22 offer our stakeholders the opportunity to come in with

1 their suggested budgets in discussion.

2 MS. BERGMAN: Right.

3 CHAIRMAN GREY: Thank you.

4 Any other questions?

5 (No response.)

6 CHAIRMAN GREY: Mr. Richardson?

7 MR. RICHARDSON: This morning I laid a
8 memorandum out in regard to the review of our selection
9 of and depositories of our funds. We are sort of bound
10 with TD Bank because of the financing of the building
11 at this point.

12 But each year we are obligated to come to the
13 Committee to discuss the banking issues that we have.
14 I've been discussing those with Jim since the middle of
15 December or so. Started working with the bank in
16 November as far as trying to find ways to increase the
17 yield on our funds, finding ways of reducing our fees.

18 TD has stepped up and reduced our fees
19 slightly. We're hoping to talk them down a bit
20 further. So we're not recommending anything different
21 in regards to the appropriated funds at this point.

22 We are coming to you with a message in regards

1 to the nonappropriated funds, the donated funds that we
2 have received. In talking with the bank -- we need
3 these funds periodically to pay bills. There are some
4 that we need quicker than others.

5 So my suggestion is that we would set up a
6 certificate of deposits ladder in that we know what we
7 need to pay out in March. We know that we need to pay
8 out in April. We could go out further, but the bank --
9 and when you listen to the news talk about possibly the
10 increase of interest rates, they do not suggest that we
11 go out beyond 90 days.

12 The interest on our funds is paltry.

13 MR. LEVI: We all know that.

14 (Laughter.)

15 MR. RICHARDSON: When you look at .1 percent,
16 it's not much. And what we're receiving currently in
17 our funds is .001 percent. So it is very little. So
18 basically, we're coming to you. The President and I
19 have agreed that this is a way that we can move
20 forward.

21 It'll increase our yield somewhat; hopefully,
22 if interest rates go up a little, we can increase it

1 with the ladder as the CDs become available to be able
2 to increase it as we need, but looking forward as to
3 what expenses we have coming up and what we need to
4 pay. So it gives us the flexibility to address those.

5 CHAIRMAN GREY: This is what all of the IOLTA
6 folks are confronted with, too.

7 MR. RICHARDSON: Absolutely.

8 MR. TANENBAUM: David, does the amount
9 anticipated coming from this ladder, the earnings from
10 this money, does it cover the bank charges, or are we
11 still at a negative cost position for giving the bank
12 \$3 million of our money and we have to pay them to take
13 it net/net?

14 MR. RICHARDSON: We're still in the deficit.
15 But it is being absorbed by the MGO funds because we
16 have to maintain the funds there. So it really doesn't
17 affect the nonappropriated funds at this point. It's
18 just an add-on.

19 CHAIRMAN GREY: We're not voting. Any other
20 comments or questions for David?

21 (No response.)

22 CHAIRMAN GREY: Public comment?

1 (No response.)

2 CHAIRMAN GREY: Is there any other business
3 before the Committee?

4 (No response.)

5 CHAIRMAN GREY: Is there a motion to adjourn?

6 M O T I O N

7 FATHER PIUS: So moved.

8 CHAIRMAN GREY: Second?

9 DEAN MINOW: Second.

10 CHAIRMAN GREY: All in favor say aye.

11 (A chorus of ayes.)

12 CHAIRMAN GREY: Opposed, no.

13 (No response.)

14 CHAIRMAN GREY: The motion passes.

15 (Whereupon, at 9:05 a.m., the Committee was
16 adjourned.)

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