

# Kentucky Equal Justice Center

## Board Minutes

July 25, 2017

**Board Members Present:** Robert Brown, Christopher Frost, Mary O’Doherty, John Rosenberg (Community Members); Joshua Crabtree, Robert Johns, Amanda Young (Program Directors); Brenda Combs, Angela Zeek (Staff Reps).

**KEJC Staff:** Miranda Brown, Nathalie Dietrich, Rich Seckel, Corinna Svarlien, Marcie Timmerman.

**Guests:** Ellen Findley (Maxwell Street Legal Clinic intern); Nan Hanley (Access to Justice Foundation).

### Welcome and Introductions

A quorum being present, Chair Chris Frost called the meeting to order and invited members to introduce themselves.

Chris next recognized KEJC Director Rich Seckel to share highlights of recent activity. Rich’s addressed several topics, as follows:

**Workers’ rights:** Rich said that the May 16 Workers’ Rights Task Force meeting came in the wake of a General Assembly that saw key labor and worker protections diminished. Rich said the General Assembly also saw some troubling bills set aside, including one he called “wage and hour like it’s 1929.” Rich said that Kentucky State AFL-CIO head Bill Londrigan had commented at the meeting that it was good to see labor, nonprofit and grassroots groups working together. Rich said he and McKenzie had begun to work with a labor partner on the idea of a wage theft enforcement ordinance for Lexington.

**“Submit:”** Rich said that it took most of the month of May, with help from Leah and Nathalie at Maxwell Street. Ultimately, he faced the “submit” button and pressed it, sending along KEJC’s VOCA proposal to add three staff to Maxwell Street Legal Clinic. Rich said the initiative would create a practice team focused on immigration law assistance for immigrant victims of crime. He said the new staff would include two case handlers and a dedicated legal assistant. He said that Maxwell Street attorney Leah Engle and DOJ Accredited Representative Nathalie Dietrich would be funded for a portion of their time, too, rounding out the five member team.

**Committees commit:** Rich thanked board members for stepping up for significant work in three committees since the last meeting. He said the Audit Committee diligently reviewed and ranked audit bids; the Nominating Committee made tough choices to reach proposed slates of board members from among a stellar group of nominees; and the newly

created Investment Committee parsed its way through a set of questions and drafts to create KEJC's first investment policy. Rich thanked board members for their efforts.

**Full time, front line:** Rich said that Maxwell Street would soon reach a milestone, with two part-time Legal Assistants instead of one. For the first time ever, it would have full-time, front-line phone coverage without having to rely on case handlers. Rich said that answering the phones was especially important given potential changes in immigration policy and enforcement and the uncertainty for immigrant communities that came with it. Rich the second Legal Assistant position was made possible by a grant from Kentucky Bar Foundation and generous individual donations toward emergency preparedness.

Rich said each Legal Assistant would work two days, with the fifth business day covered by new KEJC AmeriCorps VISTA member Corinna Svarlien. He introduced Corinna, whose term would begin several weeks after the meeting, on August 18.

### **Approval of Minutes**

Chair Chris Frost invited a motion on the minutes of the last meeting.

**Motion:** Bob Brown moved to approve the minutes of the April 21, 2017, board meeting.

**Second:** Joshua Crabtree

**Action:** Approved unanimously

### **Administration: Financial Report through 2<sup>nd</sup> Quarter 2017**

Chris next recognized Rich to give the Financial Report. Rich drew the board's attention to the memo, "Financial report through June 30." The cover sheet offered a summary as follows:

**Profit and Loss Budget Overview:** the budget adopted by the board for 2017 anticipated a loss of \$16,273, including one-time spend down of CLINIC fellowship funds.

**Profit and Loss through June 30:** showed a loss of \$7,374 compared to the expected loss of \$68,101, a positive variance of \$60,727.

**Balance Sheet as of June:** showed Total Current Assets of \$304,026, up from \$223,553 on March 31, 2017, and up 6.8% percent from \$284,616 on June 30, 2016.

**Income and Expense Charts:** 80.9% of spending was payroll. 56.5 % of income was from grants.

Rich said that if one factored out the expected spend-down of \$20,000 in second-year funds from CLINIC for the immigration fellowship, the budget for the year would be about \$3,700 in the black.

On the Profit and Loss, Rich said that several factors contributed to the positive variance. First were new and unexpected grants through the Kentucky Center for Economic Policy (KCEP) (\$17,500) and the Shriver Center Legal Impact Network (\$16,000).

Rich said the KCEP grant was a pass-through from a larger grant to KCEP's parent organization, MACED. The purpose of the grant was to bring Kentucky groups together for advocacy around public benefits, tax and budget issues in a "Safety Net Defense Fund Project." He said that Kentucky Voices for Health also had received a pass-through grant.

Rich said the Shriver Center grant initiative was intended to encourage Legal Impact Network members to work with grassroots groups in their states. In this case, the Center passed through funds from the Center for Community Change, whose grassroots partner in Kentucky was Kentuckians for the Commonwealth.

Rich said that KEJC also had received extra funds from Interact for Health (IFH) to communicate about Kentucky's health gains. The funds came as an add-on to IFH's support for the Health Law Fellowship. Important for Maxwell Street, Rich said, a group of donors had contributed generously toward emergency preparedness assistance for immigrant families.

Rich said expenses for the first half of the year were lower than budget, with the biggest savings coming in payroll at Maxwell Street, where the attorney position was vacant from January 1 until March 16, 2017, when attorney Leah Engle came on board as the new program director.

Rich predicted carryover at the end of the year of \$295,145. He said the figure reflected Total Current Assets as of December 31, 2016, minus the budgeted deficit for the year. He said he didn't yet see trends that would change the prediction.

Turning to unrestricted funds, Rich said that they had gone up since the last report, by his estimate from \$45,384 to \$56,534. He said the increase was promising but the amount was still too small to support unbudgeted initiatives like bookkeeping or fundraising assistance. Rich said the program should protect unrestricted funds equal to about 10 percent of budget, in 2017 a little more than \$60,000.

Rich noted one new detail on the KEJC Unrestricted Funds balance. He said he had created a separate line for matching funds KEJC had received after the Health Law Fellowship's first year. At the time, Interact for Health, then Health Foundation of Greater Cincinnati, had said it would match up to \$20,000 in funds raised for the Fellowship, with its match to be unrestricted.

Rich said KEJC had raised just over \$20,000 for the Fellowship in the campaign. He said that, in listing restricted funds, he had separated the amount from the current year balance in the Health Law Fellowship grant.

Rich said the big picture on Budget vs. Actual was good. Income through June 30 had come in at 114 percent of budget, due to the unexpected grants and donations described above. Rich said that spending had come in at 92 percent of budget.

Turning to the balance sheet, Rich said that the report listed the KEJC endowment at Blue Grass Community Foundation. He said recently he had learned that BGCF considered the funds to be on their books rather than KEJC's. KEJC had won the endowment funds through good performance in the 2015 and 2016 Good Giving Challenge.

Rich said that the Mason Fund contribution had been transferred in February to Vanguard, the brokerage firm selected by the Investment Committee. He said the Investment Committee report later in the meeting would include a recommended policy to guide investments and recommendations of mutual funds for the first investments. For now, he said, the funds were in a money market account.

On months of reserves, Rich said that Total Current Assets as of June 30 would last almost six months (5.72 months) and unrestricted reserves just over one month (1.06 month) under the hypothetical scenario that no new funds would come in. He said each figure had gone up since the last report and looked pretty healthy.

### **Administration: Development Update**

Rich next turned to the handout "KEJC Recent Fundraising Effort." It showed what KEJC had sought in funding and what it had received, as follows:

- In 2016 KEJC had received 91 percent of what it sought through grants and fundraising campaigns (\$344,344 of \$378, 401).
- From 2011 through 2016, KEJC had received 78 percent of what it sought (\$1,907,521 of \$2,456,274).
- So far in 2017, KEJC had received a total of \$145,640 of \$382,053, 38 percent of what it sought.

Rich said the low percentage return for the current year was not due to grants being turned down. Instead, most were still pending, awaiting a decision, including the large VOCA grant. He said he hoped to hear about VOCA in September.

Rich said that the KEJC VOCA request was for just over \$200,000, with required in-kind or cash match of almost \$60,000. He said for new applicants, the required match was 20%. He said that he had requested partial waiver of the match. Brenda Combs said she had heard that VOCA approvals might not come until November.

Nathalie Dietrich said that Maxwell Street had just gotten word of a \$5,000 grant from the Mission and Ministry Fund of the Catholic Diocese of Lexington. Bob Brown asked whether Maxwell Street Legal Clinic served clients from Louisville and whether the Louisville Diocese might be a source of support. Nathalie said that Catholic Charities' immigration law program in Louisville served clients there and got corresponding support from the Louisville Diocese.

Rich said KEJC soon would submit the required report to trigger second-year funding for the workers' rights project under its current two-year grant from Public Welfare Foundation.

### **Administration: Report of the Audit Committee**

Bob Brown reported for the Audit Committee, which consisted of himself and Mary O'Doherty. He said that KEJC had requested and received bids from five accounting firms. (Minutes of the Audit Committee meeting were included in the Board package and on the Board web page.)

Bob said the Committee had grouped the bids by pricing category and proceeded to further evaluate them. He said Mary had expressed reservations about one of the bidders. Bob said that Vickie Richardson's bid was by far the lowest, almost \$3,000 less than the closest competitor.

- Motion:** Bob Brown moved that the Board adopt the recommendation of the Audit Committee to accept the 3-year proposal of Vickie C. Richardson, CPA, PSC, to conduct an audit and prepare the IRS 990 for KEJC for FY 2016, 2017 and 2018.
- Second:** John Rosenberg
- Action:** Approved unanimously

Joshua Crabtree asked whether the committee had considered the "second pair of eyes" concern, given that Vickie had conducted the audit for several years already. Bob said that the services all appeared comparable and that there had been "no indication of error" in Vickie's work.

Chris said that Vickie had been helpful in calls with the Audit Committee and that the committee process helped ensure that "it's not just a rubber stamp."

### **Administration: Report of the Investment Committee**

Investment Committee Chair John Rosenberg described the investment approach taken by the committee: to avoid fees by investing in low fee, high-rated mutual funds, including stock and bond index funds and socially screened funds. John added that the committee's proposed policy generally favored a letting investments grow before taking distributions.

John said the policy set forth asset class ranges limiting the percentages of equities, fixed income and cash equivalents in the portfolio. (Minutes of the Committee’s July 10 meeting and a copy of its recommended Investment Policy were including in the Board materials.)

John said that under the policy, the Investment Committee would meet at least twice yearly to review portfolio performance and compliance with the policy and to consider any investment or policy changes.

John said that the Investment Committee included himself, Brenda Combs, Mary O’Doherty and external member Marilyn Daniel. Marilyn had been instrumental in securing a major gift for the benefit of Maxwell Street Legal Clinic from the Mason Foundation.

- Motion:** John Rosenberg moved that the Board adopt the proposed Investment Policy as approved by the Investment Committee at its July 10 meeting.
- Second:** Brenda Combs
- Action:** Approved unanimously

Josh Crabtree said he appreciated the work that went into creating the policy.

John next described the specific initial investments recommended by the Investment Committee and set out in its minutes, as follows:

- \$13,000 Vanguard FTSE Social Index Fund Investor Shares (VFTSX)
- \$13,000 Vanguard 500 Index Fund Admiral Shares (VFIAX)
- \$25,000 Vanguard Balanced Index Fund Admiral Shares (VBIAX)
- \$ 1,000 Money Market Fund (plus any earnings)

- Motion:** John Rosenberg moved that the Board approve the proposed initial investments recommended by the Investment Committee at its July 10 meeting.
- Second:** Brenda Combs
- Action:** Approved unanimously

Director Rich Seckel as for clarification on whether the motion empowered him to execute the investments. Chair Chris Frost said the Investment Policy made clear that he was authorized to do so. Chris asked Rich to report to the Investment Committee when the investments were made.

### **Governance: Report of the Nominating Committee**

Nominating Committee Member Angela Zeek reported on actions taken by the Nominating Committee to nominate two current Community Members willing to serve new terms, a

new Client Member of the Board and three new Community Members of the Board, in each case for two-year terms.

Angela said the committee also nominated Chair Chris Frost and Treasurer Mary O’Doherty for new one-year terms as officers. Members discussed their perceptions of the nominees, their qualifications and what they might bring to the board.

**Motion:** Robert Johns moved that the Board approve a slate of nominees as follows:

**Chair**  
Christopher Frost

**Treasurer**  
Mary O’Doherty

**Board Members**

Bob Brown	Community Member
Rick Clewett	Community Member
Anthony Everett	Community Member
Christopher Frost	Community Member
Hailey O’Hair	Client Member

**Alternate Board Member**

Katherine Blair	Community Member
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**Second:** Amanda Young  
**Action:** Approved unanimously

Chris noted that the Board had discussed the idea of adding members or launching non-member advisory committees. He said that if the board were to go beyond oversight into active roles, each action might be helpful. Bob Brown said he liked the idea of adding advisory committees tasked with specific subjects or projects.

Chris invited volunteers to meet with him by conference call to review KEJC’s bylaws with membership and committees in mind. Bob Brown, Joshua Crabtree, Robert Johns and Amanda Young volunteered to participate in the review.

**Governance: Meeting Dates**

Chris recognized Rich to review meeting dates for the rest of the year. Rich said the final two meetings of the year were scheduled for October 6 and December 14. He said the dates were available on the KEJC board web page.

## **Big Picture, Joint Concerns: Legal Services Funding**

Joshua Crabtree reported on the Congressional budget picture for the Legal Services Corporation. He said that the budget figure approved by the House was the same as the year before at the current stage in the budget process. If it passed, Josh said, the Legal Services Corporation would experience a 25 percent cut.

Josh noted, however, that the Senate usually approved a higher figure than the House. He said that in each of the last two years, the final budget action had included the Senate figure. He said that members of the Kentucky Congressional delegation generally had been supportive.

Josh said that Congress might not complete work on spending bills and might instead adopt a Continuing Resolution. He said that the American Bar Association had been strongly supportive and had prominently posted a sign-up form on its website for people to sign up to become a “Legal Aid Defender.”

John Rosenberg said that the ABA already had generated about 18,000 postcards to members of Congress. He said that he had participated in ABA’s lobbying days and “if you had a pretty good stack, that was good.”

Josh said that civil legal services program had bipartisan support, including noteworthy conservative Republican figures like Texas Supreme Court Justice Nathan Hecht and attorney Harriet Miers, former counsel to President George W. Bush. Josh said that a delegation including Ms. Miers and LSC President Jim Sandman had met with representatives of the Heritage Foundation, who subsequently changed some of their published analysis.

## **Strategic Planning: 40<sup>th</sup> Anniversary**

Rich said that KEJC’s 40<sup>th</sup> birthday had passed a few months ago, with the 41<sup>st</sup> coming up in November. He said he had at last stopped feeling guilty about not throwing a big birthday fundraiser. He said the year had been busy with both advocacy and grant writing and so used up “bandwidth.”

Rich said that if the birthday opportunity passed, the program might consider a different type of event, like an Equal Justice Awards gathering, launching what might be annual awards to recognize worthy partners, policy makers and advocates.

## **Strategic Planning: Top Five Ideas**

Rich said that the Board had held several detailed input sessions on elements of an updated strategic plan, including sessions focused on advocacy, communications, development and

governance. He said that even before a comprehensive written update of the strategic plan, KEJC could move forward on high priority ideas.

Rich said that he had reviewed the brainstorm summary scoresheets and come up with his own subjective “Top Five” ideas as follows:

- Have a communications plan
- Add part-time development staff
- Adopt board member expectations
- Add special purpose board committees
- Rotate staff reports at board meetings

Rich said that he had added one that wasn’t on the brainstorm sheets: a “hit by a bus” plan to ensure that administrative functions would continue in his absence. He said that within several years, the Board should consider how to manage succession in his position. In the meantime, building administrative redundancy would be a good step and foundation.

Bob Brown noted that a managing partner in his firm, tragically, had in fact been hit by a bus. He said that another had partner stepped in but it was difficult transition. John suggested development of administrative procedures manuals. Josh said that administrative backup was important.

Chris said that the bylaws discussion group could consider the ideas of adding members to the board, launching committees and developing board member expectations.

Rich said that he planned to meet both individually and as a group with newly elected board members. He said he would soon develop a new board orientation agenda and collection of materials. (See the Board Orientation page he created for the new members here: <http://www.kyequaljustice.org/Board+Orientation>)

Bob Brown said that he liked the idea of rotating staff reports to the board, since it would afford time for more in depth presentation and discussion. He said he always read the written handouts from staff. He suggested they be posted in advance of the meeting with other board materials, rather than handed out at the meeting itself.

### **Partner Report: Access to Justice Foundation**

Access to Justice Foundation Director Nan Hanley reported that the Southeast Project Directors meeting in St. Petersburg, FL, was coming up soon. Turning to recent events, Nan said AJF had hosted a full day update training on SSI and Social Security Disability on April 27, featuring Tom Yates of Chicago-based Legal Council for Health Justice.

Nan said the KBA Young Lawyers Division had offered two Legal Aid University trainings, one in Louisville in February and another in Lexington in March. She said the Lexington event had drawn about 70 people, more than double the previous year, with 35 volunteering to take cases pro bono. She suggested doing similar events in Eastern and Western Kentucky.

Nan said that the Kentucky legal services Statewide Conference in May had drawn 110 attendees. She said she appreciated participation by Legal Services Corporation President Jim Sandman. She said she had not expected to have such direct access to him. (Mr. Sandman said at the Conference that he answered all of his email personally each day.)

Looking ahead, Nan said that both a family law overview and a skills training event could make it onto the training calendar. For skills training, she said that the ABA National Institute for Trial Advocacy (NITA) training was excellent but expensive. She said that there was a chance to tap VOCA grant funds to help put on a NITA event. Brenda Combs said the money available actually would be Legal Assistance for Victims (LAV) funds for Office of Violence Against Women-approved training.

On state funding for the LSC-funded programs, Nan said the programs were in the second year of a two-year contract with the state, with the check for the period ending June 30 coming soon.

### **Staff Reports**

KEJC staff reported on activities, issues, projects and successes. Because no board action was required in response, summaries are not reported here. However, written staff reports were available on the KEJC board web page under the July 25, 2017, heading at: [www.kyequaljustice.org/Board+Meetings](http://www.kyequaljustice.org/Board+Meetings).

### **Adjournment**

The agenda being completed, the meeting was adjourned by acclamation.

### **Reported by:**

Richard J. Seckel, Director  
September 28, 2017