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LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
BOARD OF DIRECTORS
OPEN SESSION

Saturday, July 28, 2007
3:38 p.m.

Sheraton Nashville Downtown Hotel
623 Union Street
Nashville, Tennessee

BOARD MEMBERS PRESENT:

- Frank B. Strickland, Chairman
- Lillian R. BeVier, Vice Chairman
- Jonann Chiles
- Thomas A. Fuentes (by telephone)
- Herbert S. Garten
- David Hall
- Michael D. McKay
- Thomas R. Meites
- Bernice Phillips
- Sarah M. Singleton
- Helaine M. Barnett, ex officio

Diversified Reporting Services, Inc.
(202) 467-9200

1 STAFF PRESENT:

2 Patricia Batie, Manager of Board Operations and
FOIA Officer

3 Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary

4 Mattie Cohan, Senior Assistant General Counsel
Karen Sarjeant, Vice President for Programs and
5 Compliance

Charles Jeffress, Chief Administrative Officer

6 Richard (Kirt) West, Inspector General

Laurie Tarantowicz, Assistant Inspector General and
7 Legal Counsel

Thomas Coogan, Assistant Inspector General for
8 Investigations, Office of the Inspector General

Ronald (Dutch) Merryman, Assistant Inspector General
9 for Audits, Office of Inspector General

Matthew Glover, Assistant Counsel to the Inspector
10 General

John Constance, Director, Office of Government
11 Relations and Public Affairs

Kathleen Connors, Executive Assistant, Office of
12 Government Relations and Public Affairs

Linda Perle, Center for Law & Social Policy (CLASP)

13 Don Saunders, National Legal Aid and Defenders
Association (NLADA)

14 Chuck Greenfield, Legal Aid Society of Hawaii

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1	. Approval of agenda	5
2	. Approval of minutes of the board's meeting of April 28, 2007	8
3	. Approval of minutes of the board's telephonic meeting of May 29, 2007	8
4	. Approval of minutes of the board's telephonic meeting of June 25, 2007	8
5	. Approval of minutes of the executive session of the board's meeting of April 28, 2007	8
6	. Consider and act on a process to be used for selection of a new Inspector General for LSC	18
8	. Chairman's Report	23
9	. Members' Reports	28
10	. President's Report	35
11	. Inspector General's Report	41
12	. Consider and act on the report of the Provision for the Delivery of Legal Services Committee	9
14	. Consider and act on the report of the Finance Committee	45
15	. Consider and act on the report of the Operations and Regulations Committee	55

- 1 . Consider and act on the report of the

Performance Reviews Committee 70

- 2 . Consider and act on proposed protocol for

processing board members' document requests 76

- 3 . Consider and act on proposed locations

for board meetings in calendar year 2009 76

- 4 . Consider and act on other business81

- 5 . Public comment 81

- 6 . Consider and act on a motion to adjourn

the open session 81

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

2 (12:30 p.m.)

3 CHAIRMAN STRICKLAND: Well, the board members
4 will have lunch in this room. Others will go to the --5 MS. SINGLETON: Do we have to vote to close
6 the meeting?

7 MS. BeVIER: No. We've done that, haven't we?

8 MS. SINGLETON: No. I don't remember that. I
9 don't know what we're discussing. Maybe we have. Yes,
10 that's what I'm suggesting. We did it for two reasons,
11 but that's not why we're meeting in closed session now.
12 So I think we need a motion while we're still in open
13 session.14 CHAIRMAN STRICKLAND: All right. Then for the
15 purposes of -- in response to your comment, which I
16 think is a good one, let's consider this an open
17 meeting of the board, since we have all the directors
18 here. And I will entertain a motion to go into
19 executive session to take up the closed session items
20 on the agenda during the noon hour.

21 M O T I O N

22 MR. McKAY: So move.

1 MS. SINGLETON: Second.

2 CHAIRMAN STRICKLAND: Any discussion?

3 (No response.)

4 CHAIRMAN STRICKLAND: All those in favor,
5 please say aye.

6 (A chorus of ayes.)

7 CHAIRMAN STRICKLAND: Opposed, nay.

8 (No response.)

9 CHAIRMAN STRICKLAND: The ayes have it.

10 (Whereupon, at 12:33 p.m., the board adjourned
11 to executive session.)

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1 I'd like to see if we can approve all these
2 minutes in an omnibus motion. But let me recite for
3 the record the minutes we will be approving: the
4 board's meeting of April 28, 2007; the board's
5 telephonic meeting of May 29, 2007; the board's
6 telephonic meeting of June 25, 2007; and the executive
7 session of the board's meeting of April 28, 2007.

8 Is there a motion to approve all those
9 minutes?

10 M O T I O N

11 MS. SINGLETON: Move we approve as submitted.

12 MS. BeVIER: I'll second, and then offer a
13 friendly amendment.

14 CHAIRMAN STRICKLAND: Go ahead.

15 MS. BeVIER: The friendly amendment is to the
16 effect that I was actually not present at the board
17 meeting itself in April, nor was I present for the
18 phone conversation on June 25th.

19 CHAIRMAN STRICKLAND: So your name should be
20 deleted as an attendee for both of them?

21 MS. BeVIER: My name should be deleted as an
22 attendee. I think it was an excused absence.

1 MS. SINGLETON: I'll accept that as a friendly
2 amendment, and then move to accept the minutes as
3 modified.

4 CHAIRMAN STRICKLAND: All right. I believe
5 that whoever seconded before, do you agree to that
6 friendly amendment?

7 MS. SINGLETON: It was Lillian.

8 CHAIRMAN STRICKLAND: Oh, Lillian, you
9 seconded. All right. Thank you.

10 All those in favor of the motion, please say
11 aye.

12 (A chorus of ayes.)

13 CHAIRMAN STRICKLAND: Those opposed, nay.

14 (No response.)

15 CHAIRMAN STRICKLAND: The ayes have it and
16 those minutes are approved.

17 With the board's permission, and to respect
18 the early departure of Chairman David Hall, I would
19 like to take first item 11 on the agenda, that is,
20 consider and act on the report of the Provision for the
21 Delivery of Legal Services Committee. Go ahead, David.

22 MR. HALL: Thank you, Mr. Chairman. I do have

1 about 40 more minutes before I have to leave. So if
2 you want to --

3 CHAIRMAN STRICKLAND: That's all right. Go
4 ahead.

5 MR. HALL: Okay. The Provisions Committee had
6 a very good meeting yesterday. There were two main
7 items that we dealt with. I will try to review both of
8 those pretty quickly.

9 The first one was a staff update on the
10 private attorney involvement action plan. Karen
11 Sarjeant gave us that report. The bottom line is that
12 we have gotten quite a bit of positive response from
13 the various programs on passing the resolution that we
14 suggested in regards to private attorney involvement.
15 All of the Tennessee programs had, and there were
16 numerous others that were mentioned who have adopted
17 this.

18 The sense of staff is that this whole idea of
19 private attorney involvement and trying to increase it,
20 especially around the resolutions, has captured the
21 attention of the programs, and they are moving forward
22 in a good way in regards to that.

1 Our second issue, and one that consumed most
2 of our time, was looking at the broad topic that we
3 have been focusing on for a couple of meetings now, and
4 that is the recruitment and retention, but with a
5 special focus on executive director transition.

6 And so we had representatives from three
7 different programs who had recently gone through
8 transitions: Cesar Torres and Pat McIntyre from the
9 Northwest Justice Project; Neil McBride and Ashley
10 Wiltshire from Middle Tennessee; and Jessie Nicholson,
11 Bruce Beneke, who are the present and former executive
12 director, and we also had Terry Newby, who was a member
13 of the board from the Minnesota Regional Legal Services
14 office.

15 The goal here was to learn from these three
16 programs some lessons about executive director
17 transition. I will not try to convey all of the wisdom
18 and insight that they conveyed, but just to highlight a
19 few points that were conveyed that I think are things
20 that we do need to keep in mind.

21 First of all, they felt that this was an
22 important issue for the board of LSC to be examining so

1 that we can try to capture this and convey to other
2 organizations so that they can be much more thoughtful.
3 Some of the insights that they shared with us is that
4 this has to be -- that is, transition from one
5 executive director to another -- it has to be a board
6 process; that there is a tendency for the board
7 sometimes, on some boards, to try to push this on the
8 existing executive director, but their experience was
9 that it is very important for the board to accept their
10 responsibility for dealing with this transition.

11 And because some of the boards or some of the
12 organizations that were present engaged in the national
13 search, the point was made that oftentimes, or sometimes,
14 boards are discouraged about doing national searches
15 because of the investment of time, the investment of
16 resources, et cetera.

17 But their experience proved that it is an
18 excellent investment, for various reasons: one, that
19 it can engage the board in this process of transition
20 in ways that the board may not have been engaged
21 before; that it increases the potential of bringing
22 excellent people to the table, and also bringing a

1 diverse pool.

2 They even argued that regardless of the
3 outcome of the national search, it sends a powerful
4 message to the staff and to others about how important
5 this work is, and also how valuable the potential
6 individuals are who are going to be accepted.

7 Another point that was made, that the board or
8 a board that is going through this process needs to
9 adopt both a transition and a succession plan, and that
10 those two things were very helpful. In one situation,
11 there was a community advisory council that was in
12 existence, including business leaders in the area. And
13 I think that related here in Tennessee. And the belief
14 was that having members from that advisory board to
15 participate in the search was also a very helpful
16 situation.

17 We had some insights that there are times
18 where you can conduct a national search but you're not
19 able to develop a national pool. There were
20 explanations given as to why that can happen. In the
21 situation here in Tennessee, it had a lot to do with
22 timing. It also had a lot to do with where various

1 individuals are who are existing executive directors,
2 and their willingness or unwillingness to get up and
3 change positions.

4 One of the interesting things that came out
5 that should be helpful to us is that doing this
6 national search, our mentoring program, the one that we
7 started a couple of years ago, served as a very good
8 networking process. The Tennessee program indicated
9 that at least some of the individuals who they were
10 able to touch bases with or became aware of were
11 individuals who were involved in our mentoring program.
12 So it was already beginning to have a good impact on
13 the process of succession and leadership.

14 There was a strong point made about the need
15 to develop people locally. The other side of the coin
16 in doing the national search was the belief that it is
17 important for an organization to try to develop local
18 individuals, that is, either individuals in their
19 organization or other local leaders, who might
20 potentially become a part of the organization because
21 that can help the transition as well. Because there
22 are times when a national search may not be needed

1 because of the local talent that has been developed.

2 There was a point made that even though we are
3 focusing on executive director succession, one member
4 wanted to remind us that there are individuals at
5 the -- what he labeled as advocacy succession, that is,
6 individuals who are not in the executive director role
7 but who are leading up different programs, different
8 advocacy programs.

9 And those individuals are not going to be
10 there forever. And they need to be bringing younger
11 people into their work and having them co-counsel and
12 bringing them to meetings so that they can succeed
13 these strong advocates in the future.

14 Another interesting point: One of the
15 executive directors, in essence, indicated that he
16 stepped down in part because of a peer review that
17 prompted him to begin to look at the organization and
18 himself differently; and again, not because it was a
19 negative review, but just because of the fact that
20 having gone through that process created a period of
21 self-reflection. So the point there is that our peer
22 reviews can serve a lot of different purposes, even

1 contributing to the idea of succession.

2 The individuals from Minnesota, I think, who
3 did not conduct a national search wanted us to be aware
4 that even when you decide not to conduct a national
5 search, that there still are some important things to
6 keep in mind for succession.

7 They conducted a top-to-bottom review of the
8 health of their organization. And having conducted
9 that search, that led them believe that an internal
10 candidate was appropriate. They also developed a set
11 of leadership criteria, and that leadership criteria
12 guided them in making the determination that an
13 internal candidate was appropriate for them and their
14 next step.

15 The member of the board from that organization
16 went as far as to quote a CEO, who in essence said that
17 sometimes when a board has to go outside, it is a sign
18 that the organization has not done enough in developing
19 their internal leadership. So he was trying to make a
20 point that though national searches are important and
21 serve an extremely valuable growth process for the
22 organization, that there is still an obligation on the

1 board and the organization to always try to develop
2 internal leadership.

3 Another point that was made was this important
4 need for a transition period, that is, an overlap
5 between the existing executive director and the new
6 person. There was, I think, insight conveyed from
7 different individuals that having that overlap allowed
8 the organization to make a smoother transition.

9 The existing ED certainly had contacts that
10 needed to be introduced to the new ED; that there are
11 times where just getting to know the new people and the
12 new organization was facilitated by having the prior ED
13 present. There was one ED who even left notes for the
14 incoming executive director so that his transition
15 would be better.

16 There were certainly a lot of other important
17 insights conveyed about executive director succession,
18 but I think these are some highlights of that. The
19 committee charged the staff to try to capture the
20 wisdom of these points made by the presenters so that
21 in some way this can be communicated to other programs
22 that might be shortly engaging in some type of

1 transition.

2 There were no public comments coming before
3 the committee, or any other business before the
4 Provisions Committee. And we have nothing for the
5 board to approve at this time.

6 And that ends my report.

7 CHAIRMAN STRICKLAND: Any questions of David?

8 (No response.)

9 CHAIRMAN STRICKLAND: By way of comment on the
10 panel program, I thought it was one of the best we've
11 ever had. I didn't really want it to end. So Karen
12 Sarjeant, if you were the organizer of that panel, you
13 should be congratulated. And thank you very much for
14 bringing those folks together.

15 All right. The next item is No. 6 on the
16 agenda, consider and act on a process to be used for
17 selection of a new inspector general for LSC.

18 I think the first order of business is to
19 announce that the board, in executive session, has
20 named Ronald D. Merryman as the acting inspector
21 general of LSC. And Dutch, if you'd stand and be
22 recognized.

1 (Applause.)

2 CHAIRMAN STRICKLAND: Now, as to the process,
3 I have circulated a resolution to establish a search
4 committee. And this resolution, by way of general
5 information, closely parallels the resolution used
6 several years ago when we had a search committee to
7 seek a president and an inspector general. So we've
8 taken the wording of that and made it fit the current
9 circumstances.

10 And under the bylaws, the -- and in fact,
11 under this resolution itself, which establishes the
12 committee, then it is delegated to me to appoint the
13 members of the committee. But it's board action to
14 appoint the committee itself, hence the need for this
15 resolution.

16 So unless there's any further discussion on
17 the topic generally, I would entertain a motion to
18 adopt this resolution. Is there such a motion?

19 M O T I O N

20 MS. BeVIER: I so move. But there is -- I
21 move we adopt the resolution if we can agree on a date
22 by which the search committee shall --

1 CHAIRMAN STRICKLAND: Okay. What about
2 December 31st?

3 MS. BeVIER: That sounds good.

4 CHAIRMAN STRICKLAND: I hope we can do it
5 before that. But just to give us until -- is that a
6 satisfactory date with everyone?

7 MR. MEITES: I second the motion.

8 CHAIRMAN STRICKLAND: Kirt, did you want to
9 address the issue?

10 MR. WEST: Yes. I wanted just -- Kirt West,
11 inspector general for another week. I wanted to
12 address one point. It was sort of a reflection upon
13 the search process that I went through when you
14 selected me. And I just wanted to bring attention in
15 terms of how you may want to expand your committee.
16 And I'll give you the context that I think last time
17 you had representatives from the ABA, SCLAID, and the
18 NLADA.

19 The OMB guidance that I think you're familiar
20 with from 1992 makes the following suggestion, and I
21 think you're doing most of this already. "The entity
22 heads are encouraged to use" -- and I'm quoting from

1 this -- "full and open competition both within and
2 outside the agency as a means of obtaining the best
3 possible pool of candidates for DFEIG positions," of
4 which this is one.

5 "In addition, to the extent agency personnel
6 policies allow, agency heads are encouraged to
7 strengthen the selection process by including personnel
8 from other DFEIG offices in the panel that identifies
9 the highly qualified candidates." And it goes to say
10 agencies heads can contact the vice chair of the ECIE.

11 So I would suggest that you may want to
12 consider, if you expand the panel beyond the board,
13 that you contact the IG community and have someone from
14 the IG community assist in the process of helping to
15 identify qualified candidates.

16 CHAIRMAN STRICKLAND: Okay.

17 Yes, Sarah?

18 MS. SINGLETON: Can you tell me, does this
19 resolution contemplate that people who are not board
20 members will be on the committee? And if so, will they
21 vote?

22 CHAIRMAN STRICKLAND: The previous committee,

1 for your information, had two non-voting advisory
2 members. And this contemplates no more than two
3 non-voting advisory members at the end, in the "Be in
4 further resolved" paragraph.

5 MS. SINGLETON: Okay. In light of what Kirt
6 just said, should we change that to not more than
7 three?

8 CHAIRMAN STRICKLAND: Perhaps we should. So
9 let's make that change to three. And I've also
10 inserted December 31, 2007 at the very bottom of
11 page 1. And the resolution does not yet have an
12 official number. So the motion on the resolution
13 should include the fact that the resolution will be
14 given the appropriate sequential number among our 2007
15 resolutions. And Vic Fortuno will fill in that blank.

16 But is there a motion to adopt this resolution
17 as we have slightly amended it?

18 M O T I O N

19 MS. BeVIER: So moved.

20 MR. MEITES: Second.

21 CHAIRMAN STRICKLAND: Is there a second? Any
22 further discussion on the resolution?

1 MR. McKAY: I'm told that the resolution
2 number is 2007-06.

3 CHAIRMAN STRICKLAND: Do we use three zeroes,
4 Vic?

5 MR. FORTUNO: I believe so.

6 CHAIRMAN STRICKLAND: So it should be 006.

7 Okay. The motion then is on the adoption of
8 resolution 2007-006, or such other number that we may
9 learn is the correct number, if that happens not to be.

10 Hearing no further discussion, then, let's
11 proceed to a vote on this resolution. All those in
12 favor, please say aye.

13 (A chorus of ayes.)

14 CHAIRMAN STRICKLAND: Opposed, nay.

15 (No response.)

16 CHAIRMAN STRICKLAND: The resolution is
17 adopted. And let's move on down the agenda.

18 The next item is the chairman's report.
19 First, let me note for the record the appreciation of
20 the board and the staff of LSC for outstanding
21 hospitality extended to our group by the Legal Aid
22 Society of Middle Tennessee and the Cumberland and the

1 other three LSC programs in the state, as well as Marcy
2 Eaton, the president of the Tennessee Bar Association,
3 and Mayor Bill Purcell of the metropolitan government
4 of Nashville and Davidson County. We certainly enjoyed
5 some distinct Southern hospitality here, and I hope
6 everyone has enjoyed their visit to Nashville as much
7 as I have.

8 The principal thing that I did since the last
9 meeting of the board was to attend, as the sole
10 representative of LSC since Helaine was not able to go
11 at the last minute because of a family matter, the
12 meeting of the International Legal Aid Group in
13 Antwerp, Belgium on June 6, 7, and 8.

14 The host organization there was the University
15 of Antwerp, which was an interesting campus of about
16 10,000 students. It's quite a significant factor in
17 Antwerp. This was the largest meeting in the history
18 of the ILAG organization, with about 80 people in
19 attendance from a number of different countries.

20 The ones that come to mind are Great Britain,
21 Scotland, Ireland, Northern Ireland, Australia, New
22 Zealand, South Africa. And there were several

1 representatives from the Balkan nations, who reported
2 on their efforts to implement legal aid programs in
3 those countries.

4 It was very interesting to hear how they're
5 going about that. And it's clear that it's a struggle,
6 but they are giving it a valiant effort. And I'm sure
7 by the next meeting in 2009 they'll have a lot more to
8 report than they did at this meeting, although they
9 reported significant progress.

10 The meeting venue in Antwerp was -- I don't
11 remember the name of the building, but it was sort of a
12 miniature legislative chamber of sorts so that there
13 was a raised platform at the front and circular
14 bench-type seating, similar to what you might see in a
15 legislative chamber. And coincidentally, it was
16 exactly the right size for 80 people. The group fit
17 the venue, and vice versa.

18 So it was quite an interesting meeting, and
19 everybody was disappointed that Helaine was unable to
20 be there. But I did my best to represent our
21 organization at the meeting. And it was well worth the
22 effort to be there, and I think it would be shocking if

1 the United States did not send a representative to that
2 meeting.

3 And I think that concludes the chairman's
4 report.

5 MR. MEITES: Question, Mr. Chairman.

6 CHAIRMAN STRICKLAND: Yes, sir.

7 MR. MEITES: The countries you identified as
8 sending representatives, with the possible exception of
9 the Balkans, are all common law countries. Were any of
10 the civil law countries present, or don't they have
11 this problem?

12 CHAIRMAN STRICKLAND: Give me an example.

13 MR. MEITES: France. Germany. Italy. Spain.
14 Portugal.

15 MS. SINGLETON: You know, those guys.

16 CHAIRMAN STRICKLAND: I do know those guys. I
17 don't remember. I went to a meeting -- Helaine would
18 have gone to this meeting, but I went to a meeting of
19 the chief executive officers of the various legal aid
20 programs. And I can tell you they were not at that
21 meeting. In the broader attendance, I don't recall.

22 MR. MEITES: Next year, when you both go, you

1 can perhaps --

2 CHAIRMAN STRICKLAND: We'll check that out.

3 But in a number of the countries that I mentioned -- in
4 fact, I guess all of them, have -- Helaine, you could
5 correct me on this if I'm wrong. But I think all the
6 countries I mentioned have combined civil and criminal
7 legal aid. So they have substantial budgets.

8 For example, the CEO of the program in Great
9 Britain administers a budget slightly in excess of
10 €2 billion. But that's for both civil and criminal
11 legal aid.

12 MS. SINGLETON: But if he told you what his
13 civil budget was, you would also fall off your chair.
14 It's huge.

15 CHAIRMAN STRICKLAND: It is big.

16 MS. SINGLETON: It is huge. I don't remember
17 what it is --

18 CHAIRMAN STRICKLAND: It's a she, by the way.

19 MS. SINGLETON: -- but it's huge. Yes.

20 CHAIRMAN STRICKLAND: Okay. Any other
21 questions then on the ILAG meeting?

22 (No response.)

1 CHAIRMAN STRICKLAND: Let's move to reports
2 from other members. We'll start over here with
3 Lillian. Any report?

4 MS. BeVIER: My report is from a rather long
5 time ago, actually. Back before the April meeting, I
6 had an opportunity to meet with the Heritage
7 Foundation. Remember that we had thought that we were
8 going to be trying to reach out to people who have been
9 less persuaded of the value of what we do. And I had a
10 very productive meeting with Ed Meese, who was kind
11 enough to give me quite a bit of time, and with Todd
12 Gatsiano, who works with him.

13 I encouraged them -- I gave them a good bit of
14 our information, the Justice Gap report and so forth.
15 I encouraged the Heritage Foundation to attend our
16 meetings. That seems not to be likely for the meetings
17 that don't take place in Washington, D.C. But I hope
18 we can make an effort to encourage at least one
19 representative from Heritage to be at our annual
20 meeting in Washington.

21 I think there's philosophical differences of
22 opinion there. But I think there's a willingness to

1 engage in a conversation with us and to learn about
2 what we do and how we're doing it now. And so I think
3 it was a productive meeting.

4 CHAIRMAN STRICKLAND: Thank you.

5 Jonann, a report?

6 MS. CHILES: I do not have an individual
7 report. Thank you.

8 CHAIRMAN STRICKLAND: Okay. Herb?

9 MR. GARTEN: I have some individual reports,
10 and then two items that possibly would be on the agenda
11 at future meetings.

12 There's something going on in this country
13 that's going to produce substantial additional IOLTA
14 income, and that is at least 15 states, including New
15 York State, have adopted comparability rules, meaning
16 that if a lawyer or law firm comes into a bank to open
17 an IOLTA account, the bank must, if it wants to be on
18 the approved list, pay interest rates at least equal to
19 the best rate they will give Frank Strickland coming in
20 with a million dollars.

21 We found that in Maryland, there were a number
22 of million-dollar-plus accounts where the banks were

1 paying 1/10 of 1 percent interest. It's expected that
2 if this rule passes -- and I've been involved; I was
3 asked by the Maryland Legal Services Corporation to
4 appear with their executive director at a meeting of
5 the full rules committee of the Court of Appeals, which
6 would adopt this rule, and then at a meeting of the
7 lawyers committee, a subcommittee of the main committee
8 that would consider the change of rules or the
9 amendment of the rules.

10 And it will be considered by the full
11 committee again in about two weeks. And the chief
12 judge of the Court of Appeals has indicated very
13 strongly to his chair of the committee, the chief judge
14 of the Court of Special Appeals, our second level, and
15 to others, that he would hope that he will get the full
16 court to rule on this by the end of the year.

17 It could mean doubling or tripling the amount
18 of interest earned in Maryland. And in other states,
19 it's even greater amounts. So this is a major
20 achievement. Fifteen states -- even Texas is one of
21 the states that has adopted a very strong rule allowing
22 not only investment in banks but investment in

1 investment companies, a very liberal rule.

2 The second matter that was mentioned yesterday
3 by one of the speakers is a trend that's going on of
4 benefits being paid to legal services programs within
5 the states. In Maryland, we've been a beneficiary as a
6 result of individual lawyers volunteering to have these
7 funds or suggesting to the court that these funds be
8 given to Maryland Legal Services Corporation. And
9 Washington state supreme court adopted a rule in 2006
10 that requires at least 25 percent of class action
11 residual funds in state cases be dispersed to programs
12 that provide legal aid.

13 And the SCLAID committee -- I happen to be a
14 special advisor -- is following this very, very
15 carefully. And I'll be getting an update at their next
16 meeting, which will be in a couple of weeks.

17 Two matters that could be agenda items for the
18 board, and our chair suggested I include it in our
19 report, you recall that we thought an idea of a
20 National Pro Bono Day sponsored jointly by the American
21 Bar Association and the Legal Services Corporation
22 would be very beneficial. And at first, the people

1 that we spoke to, high officials at the ABA, were
2 enthusiastic about it, in fact wanted to start it
3 immediately as of the ABA Day in Washington, which was
4 just about two months ago.

5 We then ran into a situation where the
6 appropriate committee, the pro bono committee of the
7 ABA, wanted to be involved in it, as they should be,
8 and deferred taking any final action. But in the
9 meantime, we are going ahead with an award at the
10 October 26th meeting in Portland to Howard Dana. And
11 that was something we have discussed previously.

12 The status of the National Pro Bono Day is
13 moving along very, very nicely. In fact, the chairman
14 from San Francisco of the pro bono committee, in a
15 recent issue of a publication put out by the Division
16 of Legal Services of the ABA, has commented very, very
17 favorably about doing this jointly with Legal Services
18 Corporation.

19 And we have -- together with staff, I have
20 provided a memorandum setting forth what we would like
21 to accomplish by having this National Pro Bono Day. We
22 think it should be tied in with ABA Day in Washington,

1 and it should be held in Washington.

2 The ABA was concerned that this didn't
3 interfere with their annual pro bono awards that they
4 give at the annual meeting. So we think we've got
5 around that. And I was particularly pleased to read
6 this article by Mark Schlickman very much in favor of a
7 joint effort on our parts.

8 So we've got details to work out, but it looks
9 to me like we're on the road to following through on
10 this. And there are number of other ABA leaders other
11 than the chairman of this committee who are looking
12 very favorably on it.

13 Incidentally, in order to give the Howard Dana
14 award, for them to join with us in Portland, they have
15 to have special permission from the ABA Board of
16 Governors, which they expect to get within the next
17 week or so.

18 MS. SINGLETON: Well, especially since
19 Howard's on it.

20 MR. GARTEN: Well, he will have to recuse
21 himself, I'm sure.

22 So that's the status of those two items. And

1 there's been some real activity in those areas. And
2 I'm very pleased. It's looking like we're moving in
3 the right direction.

4 CHAIRMAN STRICKLAND: Thank you, Herb.

5 Sarah?

6 MS. SINGLETON: I have nothing to report.

7 CHAIRMAN STRICKLAND: Okay. Bernice?

8 MS. PHILLIPS: I have nothing, either.

9 CHAIRMAN STRICKLAND: David, anything else?

10 MR. HALL: Yes. In June, I was invited to be
11 the luncheon speaker at the Maine Legal Services staff
12 retreat. They have a statewide retreat for their
13 staff, and it was a very good session. They are very
14 much looking forward to our visit in October. And I
15 was very impressed with the work that is going on
16 there. And as I said, they are very glad that we have
17 chosen to come be with them in October.

18 CHAIRMAN STRICKLAND: Okay. Tom?

19 MR. MEITES: Nothing to report.

20 CHAIRMAN STRICKLAND: Mike?

21 MR. MCKAY: Nothing to report.

22 CHAIRMAN STRICKLAND: All right. Let's move

1 then to the president's report. Helaine?

2 MS. BARNETT: Each member of the board has
3 received a written copy of my report, as does the
4 reporter, to make it part of the record. So I'll just
5 talk about a few highlights.

6 I think we're really pleased with the
7 reception by the programs of the LSC revised
8 performance criteria. And it's been very gratifying to
9 hear how various programs are really using it. Some
10 are using it to prepare for an LSC visit by OPP or OCE.
11 Some are using it to prepare professional standards for
12 their own staff. And some are using it for their own
13 self-evaluations.

14 So we are really, really very pleased with the
15 receptivity, since this was an effort that involved so
16 many members of the community. There is absolute
17 buy-in that these reflect collectively the best
18 practices to ensure high quality legal services.

19 We received grant proposals for all service
20 areas in competition for 2008. I think I have reported
21 previously we have extended the time for one service
22 area, which is in Northern Virginia, while the LSC

1 programs and non-LSC programs discuss among themselves
2 the possibility of proposing changes to the legal
3 system in that area.

4 I wanted to report on the issuance of the
5 revised case service report handbook, which will not be
6 effective until January 1, 2008. As you all know, that
7 is LSC's main data collection system to collect the
8 work, the legal work, done by LSC programs.

9 We again had extensive advisory committees.
10 We are embarking on a six-month training program so
11 that by the time it is implemented, January 1, '08, the
12 programs will be totally familiar with it, and it will
13 ensure its uniform application.

14 I wanted to report on our Google grant ad for
15 free ad space. Our TIG staff continues to update and
16 monitor the Google AdWords campaign. And the campaign
17 successfully generates small Google advertisements
18 which appear at the top of the search results page when
19 a user searches for a term like "free legal aid."

20 And that links users to an LSC.gov page
21 displaying a map of the United States and territories.
22 And each state and territory is linked to the

1 appropriate statewide website and enables internet
2 users to quickly identify and select an LSC-funded
3 legal aid program in their community as well as
4 community education materials.

5 From June 16th to July 16th, over a one-month
6 period, LSC ads were seen over 357,000 times. But the
7 most interesting statistic is that users have clicked
8 onto the LSC.gov almost 11,000 times in a one-month
9 period, which projected over the course of the year
10 would be 130,000 visits to our site. We believe this
11 is a very significant opportunity for LSC to raise
12 public awareness of its programs nationwide.

13 You've heard from different people about our
14 strategic technology conference we're planning on
15 September 6 and 7 in Washington. We're very excited by
16 the participants who have accepted. They include
17 foundation persons, National Center for State Courts.
18 They include technologists. They include private law
19 firm representatives as well as some program
20 representatives. And we are excited about the
21 conference and about its expected outcomes.

22 I believe the board received a copy of the LSC

1 fact book for 2006. We just issued it. And we find
2 more and more people are interested in that fact book.
3 We take it with us when we go to congressional
4 meetings. The first thing that they look up is how
5 much money their state is getting, and we begin the
6 discussion that way.

7 Just a couple of other quickies. We are
8 initiating the creation of another regional project
9 directors meeting. You know we have the Midwest
10 project directors meeting. We have the Southeast
11 project directors meeting. And we're going to have the
12 Mountain State project directors meeting. We are going
13 to work closely with the programs in Arizona, Colorado,
14 Idaho, Montana, New Mexico, Oklahoma, Utah, and
15 Wyoming. And we have our first meeting planned in Salt
16 Lake City October 17th and 18th.

17 We're also planning to invite an advisory
18 committee to help us plan a Native American conference
19 to discuss service delivery areas and funding issues on
20 November 7th, to precede the annual NLADA conference in
21 Tucson.

22 Having mentioned the Midwest project directors

1 meeting, I attended their meeting on June 8th. There
2 were 20 executive directors there from ten states. I
3 gave an LSC update, and was pleased to recognize the
4 contribution of one of our longstanding executive
5 directors, Sheldon Roodman, upon his retirement as the
6 ED of the Legal Assistance Foundation of Chicago.

7 I also attended the Southeast project
8 directors meeting on July 17th, where there were
9 approximately 75 executive directors and other program
10 staff from eleven states. I gave an LSC update, and
11 LSC played a prominent role in the meeting's agenda.

12 And finally, DNA-Peoples Legal Services
13 celebrated their 40th anniversary celebration. And I
14 went along with Sarah Singleton, who very kindly picked
15 me up at the airport and drove me all the way there.
16 In the afternoon, we went on a tour -- how should I
17 describe where we went?

18 MS. SINGLETON: A long, long tour in Arizona
19 and New Mexico, the more isolated parts, 568 miles
20 worth.

21 MS. BeVIER: Oh, my goodness.

22 MS. BARNETT: So it gave new meaning to the

1 word "remote," but --

2 MS. SINGLETON: And this is only a small part
3 of their service area.

4 MS. BARNETT: In any event, I was the keynote
5 speaker at their celebration. And I was very pleased
6 to have gone, and I was especially pleased to have the
7 company of Sarah Singleton with me.

8 Just to conclude, I'm very pleased to share
9 with you that we have appointed a new deputy director
10 of the Office of Compliance and Enforcement, and that
11 is Lora Rath.

12 MS. BEVIER: Helaine, please forgive this
13 question. It's obviously so ignorant. But I don't
14 know what the difference is between a project director
15 and an executive director. Are they one and the same?

16 MS. BARNETT: It's the same. It is the same.

17 MS. BEVIER: Well, why do you call them a
18 project directors meeting, and then you say, well, I
19 met with the executive directors?

20 MS. BARNETT: Well, that's a very good point.
21 They've just been called -- maybe we should change it
22 to Southeast executive directors. It's just, over

1 time, they've always been called Southeast project
2 directors and Midwest project directors.

3 MS. BeVIER: Okay. And maybe the project
4 refers to LSC's project or something? Never mind. It
5 just -- I thought maybe there was another group of
6 people in leadership positions in regional ways that --

7 MS. BARNETT: No. We use it the same.

8 MS. BeVIER: Thank you.

9 MS. BARNETT: Sorry.

10 MS. BeVIER: That's a really important
11 question, but I'm very glad I asked it.

12 CHAIRMAN STRICKLAND: Any other questions for
13 Helaine?

14 (No response.)

15 CHAIRMAN STRICKLAND: All right. The next
16 item is No. 10, the inspector general's report.

17 MR. WEST: Good afternoon, Chairman
18 Strickland, members of the board. As sort of my last
19 remarks as inspector general, I want to sort of give
20 you a view of where I think things have gone over the
21 past three years. And I believe I am leaving the
22 office in a much stronger posture than when I arrived.

1 Three years ago, I arrived -- I came into an
2 office that was totally demoralized. Staff morale was
3 bad. People weren't talking to each other. There was
4 actually a lot of mistrust. I also found an office
5 that had no investigative program. Some of the audit
6 work was really of questionable value. And I
7 encountered congressional concerns about whether there
8 was an independent Office of Inspector General.

9 I think I leave today, understanding there
10 were some bumps in the road and we had our good times
11 and bad times. But I think I leave with a better
12 understanding within LSC of what the mission of the OIG
13 is. Perhaps it'll be smoother down the road.

14 I have an office that I believe that the
15 morale is much greater. Basically, they're
16 revitalized. I've got an updated strategic plan that I
17 believe fits in with the Corporation's strategic
18 directions, that's in alignment with it.

19 I have brought in experienced and talented
20 staff as part of a reorganization to better focus the
21 activities of the office to be in line with what the
22 functions and mission Congress provided the OIG in

1 1996.

2 I believe I've restored congressional
3 confidence that the office is independent and
4 objective. And I think there are a couple -- for me, a
5 couple introductions of that. One is the significant
6 budget increase that I received last year from
7 Congress; and this year, to my somewhat amazement, that
8 the Senate Appropriations Committee actually budgeted
9 more money than I asked for, which I saw as a vote of
10 confidence in the office.

11 I believe I have ensured a process of
12 self-examination within the office that we're trying to
13 be critical of our work and look for areas of
14 improvement. I've ensured that all reports meet
15 professional standards, that they are independent and
16 objective.

17 And so I think I leave it in a much healthier
18 condition. And I think this is extremely important for
19 the board and the Corporation because I think the fact
20 of an independent IG that's healthy gives Congress the
21 assurance that the Corporation is proceeding in the
22 right direction. I think that's reflected by

1 congressional action last year in terms of budget.

2 So I think it's a win/win. I think we're in a
3 better position. I feel like I'm, at least for the
4 next few months, turning over the office to Dutch
5 Merryman, who I think will provide the appropriate
6 direction.

7 So I leave it enthusiastically. I do want to
8 thank the board for providing me this opportunity. I
9 think it was a growth experience. I've enjoyed the
10 experience. I'd like to think that at the end of the
11 day, that the work we did has added some value and
12 it'll continue to add value.

13 So again, I just want to thank you for the
14 opportunity. And I'll be moving on to my next
15 endeavor, which is the private sector, which is my
16 first real crack at it. So that will be -- I may be
17 calling up some of you who are there for advice and
18 guidance because it'll be a new experience.

19 CHAIRMAN STRICKLAND: Well, Kirt we thank you
20 for your service and we wish you well with Grant
21 Thornton in your new endeavors there. And I hope you
22 enjoy your experience in the private sector.

1 Anybody have any questions for Kirt?

2 Comments?

3 (No response.)

4 CHAIRMAN STRICKLAND: Thank you very much.

5 The next item is No. 12, consider and act on
6 the report of the Finance Committee.

7 MR. MCKAY: Thank you very much, Mr. Chairman.

8 We had a very good meeting today. We began by
9 receiving a presentation on the fiscal year 2006 audit,
10 and a report on the reason why we received it well
11 after the time we anticipated receiving it.

12 And Dutch Merryman reported to us that there
13 was a problem reconciling certain accounts. By the
14 time that the reconciliation had been completed, they
15 had to get new certifications from the lawyers, which
16 always takes a long time, and thus the reason for the
17 delay. Dutch reported to us that steps will be taken
18 to make sure it doesn't happen again. And everyone
19 will be a little more diligent and focused on that
20 subject.

21 We did raise the question -- I raised the
22 question -- of, well, the process that we go through,

1 and not necessarily a related point. And I wanted to
2 emphasize that. Why are we choosing auditors the way
3 we do? Are we legally obligated to have the IG do it?
4 Are there other ways to approach it?

5 And so we did task staff to take a look at
6 that and come back with a legal presentation as well as
7 options to determine whether or not we as a committee
8 might want to recommend to the board a change in the
9 approach, or at least, as a result of the process,
10 we'll better understand what our obligations are.

11 We then received a report on the appropriate
12 financial statement standards for LSC. We received
13 prior to that a memo from Mr. Richardson, which helped
14 us understand better the difference between FASB and
15 GASB. He's going to continue to review that subject
16 with Mr. Merryman, and we'll receive more information
17 on that subject at our next meeting.

18 Mr. Richardson also reported to us -- gave us
19 a memo ahead of time and gave us a presentation on his
20 response to audit management's recommendations relating
21 to three topics. He gave us a report on each one. And
22 it certainly seems like a satisfactory report. We'll

1 confirm that with our outside auditor. But I
2 personally found it very helpful and thought it was
3 responsive.

4 The next item we heard was we considered a
5 final response to recommendations from the OIG report
6 on certain fiscal practices. We received a briefing
7 from Mr. Jeffress. Charles filled us in on the changes
8 that have been made on the management side to get us
9 generally in compliance with federal policy. And on
10 those four occasions where we are not, he explained why
11 and he reported to us that that is acceptable to the
12 OIG. And it seemed acceptable to the committee.

13 We then considered and acted upon fiscal year
14 2006 revised consolidated operating budget. I invite
15 your attention to page 131 -- no, actually, that's to
16 myself, attention to notes I have on page 131.

17 We received a report from Mr. Richardson
18 concerning the adjustments, line item adjustments,
19 during the last quarter. There are -- you'll recall
20 that our guidelines require board approval when the
21 adjustment is at or above \$75,000.

22 And he reported to us that we anticipate

1 receiving from the State Justice Institute a little
2 over \$300,000. We don't know the exact amount yet. We
3 hope to receive it before the end of September and be
4 able to disburse those funds at the TIG line item.

5 And he also reported to us on the plan to
6 purchase the new software to update our grants
7 management systems, and is contemplating moving \$75,000
8 from our contingency funds to the Office of Information
9 Technology toward the purchase of the new software,
10 which costs \$150,000.

11 M O T I O N

12 MR. MCKAY: So the committee is recommending
13 to the board, and I so move, that the budget approve
14 the payment of the 300 -- whatever money we receive
15 from the State Justice Institute to the TIG line item,
16 and also approve the transfer of \$75,000 from the
17 contingency funds line item to the Office of
18 Information Technology.

19 CHAIRMAN STRICKLAND: Is there a second to
20 that motion?

21 MR. GARTEN: Second.

22 CHAIRMAN STRICKLAND: Any discussion?

1 (No response.)

2 CHAIRMAN STRICKLAND: Hearing none, all those
3 in favor, please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN STRICKLAND: Those opposed, nay.

6 (No response.)

7 MR. MCKAY: We then received --

8 CHAIRMAN STRICKLAND: Adopted.

9 MR. MCKAY: Excuse me. We then received a
10 presentation on financial reports for the third quarter
11 ending June 30, 2007 from Mr. Richardson and comments
12 from Mr. Jeffress. Mr. Richardson did report that we
13 were under budget, and that was all good news, under
14 budget on every line item.

15 We then discussed the format for the provision
16 of financial information to the committee. The board
17 will recall that this is something we have discussed
18 previously. And during this last quarter, we have
19 received from -- the board has received from
20 Mr. Richardson and Mr. Jeffress directly financial
21 reports. Mr. Richardson has given us financial
22 reports. Mr. Jeffress has then sent us directly his

1 comments.

2 The committee found it to be an acceptable
3 approach. We want to continue with that practice. And
4 I apologize for not making it clear at the meeting. I
5 think it should be understood, but I want to confirm,
6 that of course all those reports, there's a carbon copy
7 that's sent to President Barnett.

8 We then received a report on the status of
9 the fiscal year 2008 appropriations process from
10 Mr. Constance. Of course, as we all know, that is
11 going very, very well, and we're very grateful for his
12 good work and for everyone at the headquarters for the
13 work that's taken place up on Capitol Hill.

14 We then considered and acted on making a
15 recommendation to the board for the adoption of a
16 resolution concerning fiscal year 2008 temporary
17 operating authority. And I do invite your attention to
18 page 140 of the board book.

19 And it's a resolution that would -- where the
20 board would grant temporary operating authority for
21 items in that report. It contemplates spending at the
22 current operating level even though we are hopeful and

1 prayerful that Congress and the White House will
2 appropriate more money. It was recommended, and the
3 committee accepted that recommendation, that we
4 approach this in a conservative manner and adopt a
5 temporary operating budget that's at the current
6 operating level.

7 M O T I O N

8 MR. McKAY: So move the adoption of resolution
9 2007-005, found at page 140.

10 CHAIRMAN STRICKLAND: Is there a second to the
11 motion?

12 MS. SINGLETON: Second.

13 CHAIRMAN STRICKLAND: Any discussion?

14 (No response.)

15 CHAIRMAN STRICKLAND: Hearing none, all those
16 in favor please say aye.

17 (A chorus of ayes.)

18 CHAIRMAN STRICKLAND: Those opposed, nay.

19 (No response.)

20 CHAIRMAN STRICKLAND: And the resolution is
21 adopted.

22 MR. McKAY: Thank you. We then received a

1 good report from Mr. Constance after we had the
2 opportunity to review a memorandum prepared for us by
3 Mr. Richardson showing us the expenses associated with
4 the generation of the Equal Justice Magazine, a report
5 going back to 2002. It was a very helpful report.

6 And Mr. Constance still, being so busy on the
7 Hill, hasn't been able to completely assess -- conduct
8 a complete cost/benefit analysis of the Equal Justice
9 Magazine. He knows that there are other ways to
10 address this, specifically, an e-magazine, taking
11 advantage of the internet without so many extraordinary
12 costs associated with printing and publishing a
13 magazine. But he will continue to assess that, and I'm
14 sure we'll hear back from him in the future on how he
15 would like to proceed with or without an Equal Justice
16 Magazine.

17 We then discussed our planning for fiscal year
18 2009 budget, that is, that we need to set a budget mark
19 some time in September so we could submit it to OMB
20 before October 1. We agreed that the Finance Committee
21 should be meeting in September, and we will poll the
22 committee members to find a date that is convenient for

1 the most members possible.

2 M O T I O N

3 MR. McKAY: But it was also suggested that we
4 add to our formal calendar every year a date in
5 September for the Finance Committee to meet to set that
6 budget mark. And so I do move to the board -- make a
7 motion to the board that we add -- as part of our
8 planning process add to our annual calendar a September
9 Finance Committee meeting for that purpose.

10 MR. FUENTES: Second.

11 CHAIRMAN STRICKLAND: All right. Moved and
12 seconded by Mr. Fuentes.

13 A question: You're talking about an in-person
14 meeting of the Finance Committee. Is that correct?

15 MR. McKAY: I am.

16 CHAIRMAN STRICKLAND: Okay. Any discussion of
17 the motion?

18 (No response.)

19 CHAIRMAN STRICKLAND: Hearing none, let's
20 proceed to a vote. All those in favor, please say aye.

21 (A chorus of ayes.)

22 CHAIRMAN STRICKLAND: Those opposed, nay.

1 (No response.)

2 CHAIRMAN STRICKLAND: Adopted.

3 MR. McKAY: The final item was a discussion of
4 meeting with our outside auditor, Nancy David, or her
5 designee. And I asked that we begin planning for that
6 meeting, and at least part of that meeting be without
7 management present during the meeting and even after
8 our committee meeting.

9 There was a question as to whether or not it
10 should be in January or even sooner. So I've taken the
11 liberty of going ahead on my own as chair. I'll call
12 Nancy Davis and ask her her thoughts as to whether or
13 not she should be coming to perhaps the September
14 meeting of the Finance Committee, come to our quarterly
15 meeting in October. And I will report back by e-mail
16 and memorandum to the board.

17 But it was agreed by the Finance Committee
18 that we should be meeting with her. She suggested
19 January, but I'll get back to her and confirm that's
20 what she contemplated. But there was a general sense
21 that maybe we might want to be seeing her sooner.

22 That's the end of my report for the Finance

1 Committee.

2 CHAIRMAN STRICKLAND: All right. Any further
3 questions for Mike?

4 (No response.)

5 CHAIRMAN STRICKLAND: All right. Let's move
6 then to consider and act on the report of Operations
7 and Regulations Committee.

8 MR. MEITES: Thank you, Mr. Chairman.

9 The first action item on our agenda was
10 consider and act on initiation of a rulemaking
11 regarding lesser sanctions. We have received both a
12 staff report and an OIG comment. We observed that
13 there was vigorous disagreement between staff and the
14 OIG on what any renewal should provide.

15 And it was decided by our committee that,
16 first, the OIG comment, which had not been prepared for
17 publication, be revised and both the OIG comment and
18 the staff report be put on our website so that at our
19 next meeting we would have the benefit of any public
20 comment on the opposing positions. And we would
21 consider the initiation of rulemaking regarding lesser
22 sanctions at our next meeting.

1 The next item we considered was consider and
2 act on initiation of a rulemaking to revise Part 1626
3 of our regulations regarding eligibility of citizens of
4 the Republic of Marshall Islands and the Federated
5 States of Micronesia and the Republic of Palau to
6 obtain services from our grantees when such citizens
7 are outside of these republics but are in the United
8 States.

9 We received a staff report giving us the
10 history of the regulation. The regulation until 1996,
11 in fact, allowed such services to be provided by our
12 grantees. In 1996, the regulation was changed to
13 permit these services only if a citizen of one of these
14 republics otherwise met the alien eligibility
15 requirements even though these citizens do not -- are
16 free to travel in the United States without any of the
17 usual indicia that an alien needs. As a result, they
18 almost never could qualify for legal services in the
19 United States under the regulation, Part 1626, as
20 amended in 1996.

21 Since then, the staff told us, after a number
22 of tries they finally received a comment from the

1 Department of Interior's insular affairs department,
2 which indicated that it believed that the 1996
3 amendment was incorrect and that these citizens of
4 these entities should be allowed to receive legal
5 services in the United States; that the various
6 agreements between the United States and these
7 entities, including the agreements that created these
8 entities, contemplated that such aid would be provided
9 to citizens.

10 And in light of the new information we
11 received -- we received this new information. In
12 addition, we received testimony from the director of
13 the Legal Aid Society of Hawaii and two representatives
14 of our grantee in northern Arkansas, all of whom, with
15 dramatic examples, indicated the need that our services
16 be provided to these citizens of these republics when
17 in the United States. In particular, there are a
18 substantial number both in Hawaii and in Arkansas who
19 are among the neediest of the populations in those
20 states and who badly need the services of our grantees.

21 M O T I O N

22 MR. MEITES: The committee was unanimous in

1 not only urging that this board initiate a rulemaking
2 to amend Section 1626.10(a) to permit LSC grantee
3 recipients to provide legal assistance to otherwise
4 financially eligible citizens of these three states who
5 are residing in the United States; but also that the
6 board set a special board meeting as soon as the
7 comment period on this regulation, after publication,
8 expires so that the full board could consider adopting
9 this revised rule. And I so move.

10 CHAIRMAN STRICKLAND: All right. Is there a
11 second?

12 MR. GARTEN: Second.

13 CHAIRMAN STRICKLAND: Any discussion of the
14 motion?

15 MR. GARTEN: I just would like --

16 CHAIRMAN STRICKLAND: Yes, sir.

17 MR. GARTEN: -- to thank our counsel for
18 reviewing the possibility of some emergency legislation
19 here that would enable us to have the aid to these
20 people that seem to me to be in dire need at an earlier
21 date. And I'm satisfied that they have exhausted all
22 avenues, although they're going to try to expedite it

1 as much as possible.

2 CHAIRMAN STRICKLAND: Any further questions?
3 Mattie?

4 MS. COHAN: I'd like to clarify that the
5 chairman of the committee's motion to the board
6 includes direction to publish the termination of
7 rulemaking and notice of proposed rulemaking that was
8 distributed. I just want to get that on the record.

9 MR. MEITES: Yes. We received a copy of the
10 proposed publication, and it observes that our
11 predecessors had initiated a rulemaking in 2001. My
12 motion would terminate the prior rulemaking and
13 initiate a new rulemaking, and direct the staff to
14 publish the material in this document that's been
15 handed out, and would call for the convening of a
16 special board meeting, telephonic board meeting, as
17 soon after the comment period as possible in order to
18 consider adopting the regulation.

19 CHAIRMAN STRICKLAND: That's in effect an
20 amendment to your motion?

21 MR. MEITES: That is correct.

22 CHAIRMAN STRICKLAND: So is there -- I don't

1 remember who seconded the motion. Is that acceptable?

2 MR. GARTEN: I second it.

3 CHAIRMAN STRICKLAND: Herb. Mattie, I presume
4 that we can move along with the scheduling of a
5 telephonic meeting of the board on a timely basis after
6 the publication?

7 MS. COHAN: Absolutely. As soon as I have a
8 publication date, then we'll know when the comment
9 period closes, which will be about a month from now.

10 CHAIRMAN STRICKLAND: All right.

11 MS. COHAN: My expectation is to get the
12 notice to the Federal Register on Monday. I would
13 imagine if they get it on Monday, it will be published
14 Thursday or Friday. And then the comment period would
15 be 30 days from that date.

16 CHAIRMAN STRICKLAND: Once you know that, you
17 might want to ask that the board be polled --

18 MS. COHAN: Absolutely.

19 CHAIRMAN STRICKLAND: -- on some available
20 dates for a telephone meeting.

21 MS. COHAN: Sounds good. Will do.

22 MR. GARTEN: All right. Then just to clarify

1 things, it's my understanding that then there is an
2 additional period that has to transpire. Did I
3 understand incorrectly?

4 MS. COHAN: That's correct. Once the board
5 approves a final rule, that will be published in the
6 Federal Register and will become effective 30 days
7 after the date of publication. That's a statutory
8 requirement.

9 MS. SINGLETON: So we're looking at more than
10 60 days before people can actually represent these
11 people?

12 MS. COHAN: That's correct. A little more
13 than 60 days. That's correct.

14 MR. MEITES: But our committee was satisfied
15 that that could not be shortened.

16 MS. SINGLETON: No. I understand that. I
17 just -- I wanted to get the total number of days.

18 CHAIRMAN STRICKLAND: Karen, were you going to
19 address anything on this topic?

20 MS. SARJEANT: Not this one.

21 CHAIRMAN STRICKLAND: All right. Let's
22 proceed then to a vote on Tom's motion. All those in

1 favor, please say aye.

2 (A chorus of ayes.)

3 CHAIRMAN STRICKLAND: Those opposed, nay.

4 (No response.)

5 CHAIRMAN STRICKLAND: The ayes have it and the
6 motion is adopted.

7 MR. MEITES: The next item that our committee
8 considered was to act on the adoption of the 2008 grant
9 assurances.

10 To remind the board, the grant assurances have
11 to be approved by the board each year. Last year, when
12 this came before our committee, we directed the staff
13 to take an opportunity to review the entire grant
14 assurance document.

15 They have done so. They reported to us that
16 they did a top-to-bottom revision that started out with
17 a statement of purpose, which aimed, among other
18 things, to avoid duplication, to organize the grant
19 provisions into a logical order, and to simplify and
20 eliminate any duplication.

21 They presented to our committee this revised
22 grant assurances. We also received comments both from

1 the public and the inspector general on the proposed
2 grant assurances. There were two provisions that the
3 inspector general had raised questions about. Our
4 committee had a vigorous discussion about these
5 provisions, with the benefit of public comment.

6 And I believe the result of the comments and
7 of our discussion, that the staff has a revised
8 proposal to put before the board with regard to
9 paragraphs 10 and 15. Is that correct?

10 MS. SARJEANT: That's correct.

11 MR. MEITES: And Karen, if you look in your
12 board book on page 83, you'll see paragraph 10. And
13 Karen will read you the changed language in paragraph
14 10 that our committee proposes. Go ahead.

15 MS. SINGLETON: Wait. Don't read.

16 MR. MEITES: She's not ready yet.

17 MS. SINGLETON: Okay.

18 MR. MEITES: Go ahead.

19 MS. SARJEANT: Paragraph 10. "During normal
20 business hours and upon request, it will give any
21 authorized representative of LSC or the Comptroller
22 General of the United States access to and copies of

1 all records that they are entitled to under the
2 provisions of the LSC Act and other applicable laws."

3 MR. MEITES: Hold on. Okay.

4 MS. SARJEANT: "This requirement does not
5 apply to any such materials that may be properly
6 withheld due to applicable law or rules." And then
7 strike the rest of that printed sentence.

8 MR. MEITES: Strike from "governing attorneys"
9 through "work product." Is that correct?

10 MS. SARJEANT: That's correct.

11 MR. MEITES: All right.

12 MS. SARJEANT: And then Laurie Tarantowicz and
13 I would also make one editorial change three lines down
14 and change "these requirements" to "this requirement."

15 MR. MEITES: That is, "It agrees to provide
16 LSC with the requested materials in a form determined
17 by LSC while, to the extent possible, consistent with
18 this requirement." Is that correct?

19 MS. SARJEANT: Yes. That's correct. That was
20 the change to grant assurance 10.

21 MR. MEITES: All right. And on grant
22 assurance 15?

1 MS. SARJEANT: The change is at the very end
2 of that grant assurance. And a new sentence now
3 reads --

4 MR. MEITES: This is after the existing text.
5 Is that correct?

6 MS. SARJEANT: After the existing text.

7 MR. MEITES: Go ahead.

8 MS. SARJEANT: The new sentence is, "Once it
9 has determined that a reportable event has occurred" --

10 MR. MEITES: Hold it a second. Okay.

11 MS. SARJEANT: -- "it agrees it will contact
12 the OIG before conducting its own investigation into
13 the loss."

14 MR. MEITES: And does that complete the
15 changes in the printed text?

16 MS. SARJEANT: That's the end of it.

17 M O T I O N

18 MR. MEITES: All right. I believe that is
19 consistent with the discussion of our committee. And
20 on the basis of that, I move that the board approve the
21 2008 grant assurances with the amendments that we have
22 just reviewed.

1 CHAIRMAN STRICKLAND: All right. Is there a
2 second to that motion?

3 MS. BeVIER: Second.

4 CHAIRMAN STRICKLAND: Any further discussion
5 of the item?

6 (No response.)

7 CHAIRMAN STRICKLAND: Hearing none, let's
8 proceed to a vote. All those in favor, please say aye.

9 (A chorus of ayes.)

10 CHAIRMAN STRICKLAND: Those opposed, nay.

11 (No response.)

12 CHAIRMAN STRICKLAND: The motion is adopted.

13 MR. MEITES: The next item was deferred. It
14 was a presentation by the OIG on its oversight of the
15 grantees' independent public accountants. Dutch
16 Merryman offered to provide a written presentation on
17 this, which we would have before our next meeting. We
18 thought that would give us a better way of approaching
19 the issue. And so we have deferred this item till the
20 next meeting.

21 The next is consider and act on locality pay
22 issues. We heard a report from Charles that,

1 consistent with the action of the special board
2 meeting, locality pay was deferred as to the highly
3 paid staff members in July.

4 They further told us there is not another
5 payment due to these people until next January, so that
6 no further action is necessary by the board until
7 January. And the hope is that Congress will settle
8 this issue by then. So no action is required on this
9 item.

10 The next is discussion of an LSC corporate
11 compliance program. We received a report from Charles
12 on corporate compliance. He told us that a special
13 task force has been organized that reviewed what he
14 said was hundreds of corporate compliance programs.

15 He told us that all corporate compliance
16 programs at their heart have a code of conduct, which
17 typically covers board and staff. Typical provisions
18 are relations with clients, confidentiality provisions,
19 avoidance of conflict of interest. Some also have
20 whistleblower provisions in them. A second common
21 provision is a commitment by both the staff and the
22 board to abide by the code of conduct.

1 And he also pointed out there are various ways
2 that this can be administered, either at the board
3 level or the staff level. And he asked us for
4 direction. And our committee's direction was
5 that -- we had two parts. One, with regard to going
6 forward, we thought he'd made a good start and should
7 pull together, both from the models he'd received from
8 other entities and also from our existing materials, at
9 least a start towards a draft of a code of corporate
10 conduct.

11 We indicated we didn't want the staff to
12 reinvent the wheel, but we understood that from our
13 existing materials, they should pull out what we
14 already have and put it into a coherent document.

15 The second piece of direction he asked was
16 there were issues with regard to what the board will
17 commit itself to do with regard to a code of ethics.
18 And he said that staff felt uncomfortable making
19 recommendations in that area. And we agreed with that,
20 but directed Charles and his task force to at least
21 identify those questions which the board has to answer
22 and give us alternatives of possible answers.

1 And we expect more input and interaction with
2 the staff on this at our future meetings. No action is
3 required by the board at this time with regard to
4 corporate compliance.

5 The last action item we encountered was a
6 report from Vic on dormant class actions. We have
7 these reports every six months. There's three of our
8 grantees that still have dormant class actions.

9 Vic obtained information from each of the
10 grantees with regard to the few dormant class actions
11 that were still extant. He reviewed their actions with
12 us. Essentially, all these cases are dormant, and in
13 this posture, our grantees have been unable to find
14 attorneys to take them over but will continue to pursue
15 this.

16 And in response to a question, Vic said that
17 he was receiving full cooperation from these three
18 grantees. And my take on this is there's no reason to
19 doubt anyone's earnestness and good faith in this area.
20 And we expect that Vic will report to us again at the
21 next appropriate interval.

22 There was no other new business that came

1 before us or other public comment. And that completes
2 my report.

3 CHAIRMAN STRICKLAND: Thank you, sir. Any
4 further questions of Tom?

5 (No response.)

6 CHAIRMAN STRICKLAND: The next item, then, is
7 consider and act on the report of the Performance
8 Reviews Committee.

9 MS. BeVIER: Well, the Performance Reviews
10 Committee was just about to begin to get into a
11 position to actually review the inspector general in
12 July a couple weeks ago when we got word that he has
13 accepted another position. And therefore, we have not
14 and did not and will not review Kirt's performance in
15 particular.

16 So we did not decide to do an exit interview.
17 We decided not to do an exit interview and so forth.
18 Rather, what we did was to -- and I would like to
19 recommend to the board that they adopt -- perhaps once
20 again, but to adopt anew for the new inspector general
21 the board protocol that was signed by Kirt and by me
22 last January.

1 with the -- what do you call this, a protocol or --

2 MS. BeVIER: Well, I called it a protocol. I
3 think that's a good thing to call it.

4 CHAIRMAN STRICKLAND: Well, we'll call it the
5 protocol entitled "Ongoing Professional (sic)
6 Discussions with Inspector General," which sets forth a
7 policy and procedure for performance review.

8 MS. BeVIER: Right.

9 MS. SINGLETON: The only comment I would have,
10 Mr. Chairman, is in terms of the wording of the motion.
11 Rather than saying the inspector general is going to be
12 subjected to this, I would say the Inspector General
13 will participate in it.

14 MS. BeVIER: Very good. I certainly think
15 that's a much better way to put it.

16 CHAIRMAN STRICKLAND: I may have stated this
17 incorrectly. But it's entitled "Ongoing Performance
18 Discussions with Inspector General," and it includes a
19 policy and a procedure.

20 MS. BeVIER: Should I give this to the
21 reporter?

22 CHAIRMAN STRICKLAND: Yes.

1 MS. BeVIER: Okay. I'll give a copy to the
2 reporter to be inserted in the record.

3 The other thing is --

4 CHAIRMAN STRICKLAND: Hold on just a second.
5 Let's vote on that.

6 MS. BeVIER: Oh, sorry.

7 CHAIRMAN STRICKLAND: Was there a second to
8 Lillian's motion?

9 MR. GARTEN: Yes.

10 CHAIRMAN STRICKLAND: Any further discussion?

11 (No response.)

12 CHAIRMAN STRICKLAND: All right. Let's
13 proceed to a vote. All those in favor please say aye.

14 (A chorus of ayes.)

15 CHAIRMAN STRICKLAND: Those opposed, nay.

16 (No response.)

17 CHAIRMAN STRICKLAND: The ayes have it and the
18 motion is adopted.

19 MS. BeVIER: One other thing I would remind
20 the board of is that during the course of our attempt
21 to reach agreement with Kirt about how to proceed with
22 his evaluation, we did invite him to prepare and he did

1 prepare a summary of critical elements and standards by
2 which a future performance evaluation could be
3 conducted.

4 And I have that. I don't think it's necessary
5 for the board to adopt it. It can be part of however
6 the protocol is effectuated by the new Performance
7 Reviews Committee with respect to the new inspector
8 general. But it is there, and I certainly intend to
9 make it sort of part of the package that we keep and
10 perhaps embed in our practices.

11 Finally, I would like to -- and this critical
12 elements and standards does describe a variety of
13 aspects of how we would like the inspector general to
14 behave, the criteria that we were going to use to
15 evaluate him.

16 But I would like to invite suggestions from
17 every board member to me, to send me your views about
18 particular kinds of characteristics that we ought to be
19 looking for in our new inspector general. There are
20 some -- we thought that we identified some ways to
21 think about how to go forward with the new IG and how
22 to get the right person in the job, and a person that

1 can make sure that we do in fact maintain our
2 integrity, both in spirit and in practice, and that we
3 are legally dotting our I's and crossing our T's at the
4 same time we're working cooperatively with that person,
5 which we think is important.

6 So if you have suggestions, please let me
7 know. And I'm going to -- please send them to me by
8 e-mail and I will try to write something up that
9 summarizes the most salient -- not all of the things,
10 but the most salient aspects of what it is we're going
11 to be doing.

12 MS. SINGLETON: Can you give us a deadline by
13 which --

14 MS. BeVIER: I'm not going to be able to do it
15 next week. So if you can get it to me in the
16 next -- by the following Monday, August 6th, that would
17 be very helpful. I will try to remember to send you an
18 e-mail reminding you to do this.

19 So that's just an invitation. And having
20 issued that invitation, my report to the board is
21 finished. I will say that the Performance Reviews
22 Committee spent a lot of time and did not end up

1 reviewing the performance of this inspector general.

2 But I think we made real progress for the institution

3 and for the organization in getting this protocol.

4 CHAIRMAN STRICKLAND: Thank you, Lillian.

5 The next item is consider and act on proposed

6 protocol for processing board members' document

7 requests. I believe Sarah Singleton will lead that

8 discussion.

9 MS. SINGLETON: Mr. Chairman, I know a lot of

10 people need to leave to catch planes. Do you want to

11 put this over until the next meeting? Would you

12 object, Bernice, if we did that?

13 MS. PHILLIPS: No.

14 MS. SINGLETON: Would that be all right with

15 you?

16 CHAIRMAN STRICKLAND: It's all right with me.

17 And if it's all right with everyone else, let's do

18 that.

19 MS. SINGLETON: And we got quite a few

20 comments. So I think that --

21 CHAIRMAN STRICKLAND: I know this will help

22 Helaine.

1 And let's see if we still have -- we still
2 have a quorum. So we can take up this other item
3 entitled consider and act on proposed locations for
4 board meetings in calendar year 2009. That appears in
5 your book at a page that I cannot find just at the
6 moment.

7 MR. MCKAY: 172.

8 CHAIRMAN STRICKLAND: 172. Thank you.

9 MR. MEITES: Mr. Chairman?

10 CHAIRMAN STRICKLAND: Yes, sir?

11 MR. MEITES: I'm going to get myself in real
12 trouble right now.

13 CHAIRMAN STRICKLAND: How so?

14 MR. MEITES: Well, you're about to hear it.

15 CHAIRMAN STRICKLAND: All right.

16 MR. MEITES: I don't know much at all about
17 South Jersey. And I am issuing a challenge to the city
18 of Camden that it live up to the standards of Little
19 Rock and Nashville. That's all I have to say.

20 MS. BARNETT: If I could just comment for a
21 moment?

22 MR. MEITES: Please do, Helaine.

1 MS. BARNETT: The board has never been to New
2 Jersey. We fund six programs in New Jersey. And I was
3 in touch with Dee Miller, who is well known in New
4 Jersey.

5 MR. MEITES: Right. My law school classmate,
6 by the way.

7 MS. BARNETT: Oh, is he?

8 MR. MEITES: Yes.

9 MS. BARNETT: Oh, excellent.

10 MR. MEITES: If he'll vouch for Camden, I'm
11 there.

12 MS. BARNETT: I said, where should we meet,
13 Dee? And he said -- because I had originally down, I
14 think, Newark. He said, Camden is where you should
15 meet. All six programs will come and present.

16 MR. MEITES: My doubts are completely
17 eliminated.

18 CHAIRMAN STRICKLAND: All right. So you
19 took -- your risk was short-lived.

20 Bernice?

21 MS. PHILLIPS: I just have a suggestion. I've
22 never been to Topeka, Kansas, and I'm quite sure it's

1 probably beautiful. But I would like to suggest
2 that -- and we have never been to upstate New York,
3 particularly Buffalo. So I would like -- and it's a
4 perfect time, in July. I would like to suggest to the
5 board that we visit Buffalo, New York on July 24-25,
6 2009. Buffalo has a lot to offer. I would love to
7 host that visit. So if the board would consider that,
8 I would really appreciate it.

9 CHAIRMAN STRICKLAND: What if we do this?
10 Let's take that under advertisement and ask the staff
11 to look into that. I know that there's a reason why
12 we've picked these locations. I can't recite those
13 reasons right now. But why don't we put down sort of
14 an either/or on those two locations.

15 MS. BARNETT: I can comment on --

16 CHAIRMAN STRICKLAND: Oh, go ahead.

17 MS. BARNETT: What we tried to do was to pick
18 West Coast, East Coast, and the middle of the country
19 for purposes of balancing out travel.

20 MS. SINGLETON: Buffalo is in the middle.

21 CHAIRMAN STRICKLAND: All right. Well, let's
22 just put on that sort of an either/or on that for the

1 reasons that we've discussed. Yes?

2 MS. SINGLETON: Did you already decide that we
3 don't care about whether there's litigation pending?

4 CHAIRMAN STRICKLAND: Well, that is sort of a
5 tentative thing. We very much want to visit that
6 program. And I'll point out that we visited New York
7 City when we had litigation pending with LSNY. In
8 fact, that's when we engaged Helaine, was at that
9 meeting. So we have previously cancelled a meeting in
10 Portland and moved it to another location. So it's an
11 attempt to try again on that.

12 MS. SINGLETON: On the theory that the
13 litigation will be over, or that we don't care any
14 more?

15 CHAIRMAN STRICKLAND: Well, I don't know. One
16 or the other. One or the other.

17 MS. BeVIER: On the theory that we'll see.

18 CHAIRMAN STRICKLAND: All right. But we don't
19 necessarily have to vote on this, or should we take a
20 vote? What have we done historically?

21 MS. BARNETT: Just give direction to the
22 staff, perhaps.

1 CHAIRMAN STRICKLAND: Well, all right. Let's
2 just, by consensus, give direction to the staff to
3 pursue these locations and give us a further update on
4 them at a future meeting.

5 All right. We have deferred item 15 on the
6 agenda to our next meeting. We're now at the point
7 where we consider and act on other business. Is there
8 any other business?

9 (No response.)

10 CHAIRMAN STRICKLAND: Is there any public
11 comment?

12 (No response.)

13 CHAIRMAN STRICKLAND: Hearing none, I'd
14 entertain a motion to adjourn.

15 M O T I O N

16 MS. BeVIER: I so move.

17 MR. McKAY: Second.

18 CHAIRMAN STRICKLAND: All right. We're
19 adjourned.

20 (Whereupon, at 4:12 p.m., the meeting was
21 adjourned.)

22 * * * * *