

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
BOARD OF DIRECTORS

OPEN SESSION

Saturday, January 31, 2009

1:57 p.m.

Legal Services Corporation
3333 K Street, N.W.
3rd Floor Conference Center
Washington, D.C.

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman
Lillian R. BeVier
Thomas A. Fuentes
Herbert S. Garten
Michael D. McKay
Thomas R. Meites
Bernice Phillips-Jackson
Sarah Singleton
Helaine M. Barnett, ex officio

STAFF AND PUBLIC PRESENT:

Karen M. Dozier, Executive Assistant to the President
Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary
Mattie Cohan, Senior Assistant General Counsel, Office
of Legal Affairs
Katherine Ward, Executive Assistant, Office of Legal
Affairs
Karen J. Sarjeant, Vice President for Programs and
Compliance
Charles Jeffress, Chief Administrative Officer
Jeffrey E. Schanz, Inspector General
Thomas Coogan, Assistant Inspector General for
Investigations, Office of the Inspector General
David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the Inspector
General
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel, Office of the Inspector General
John Constance, Director, Government Relations and
Public Affairs Office
Stephen Barr, Media Relations Director, Government
Relations and Public Affairs Office
Treefa Aziz, Government Affairs Representative,
Government Relations and Public Affairs Office
Marcos Navarro, Design Director, Government Relations
and Public Affairs Office
Kathleen Connors, Executive Assistant, Government
Relations and Public Affairs Office
Nancy Davis, WithumSmith+Brown
Dave Karakashian, WithumSmith+Brown
Linda Perle, Center for Law & Social Policy (CLASP)
Don Saunders, National Legal Aid and Defenders
Association (NLADA)
Julie Clark, National Legal Aid and Defenders
Association (NLADA)
Julie Strandlie, Standing Committee on Legal Aid &
Indigent Defendants (SCLAID), American Bar
Association
Les Jin, Standing Committee on Legal Aid & Indigent
Defendants (SCLAID), American Bar Association

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

2 (1:57 p.m.)

3 CHAIRMAN STRICKLAND: Let me call to order the
4 meeting of the board of directors of the Legal Services
5 Corporation for January 31, 2009.

6 The first order -- and welcome everybody to
7 the meeting. I know you've been here a while already,
8 but since we're moving into another phase, I'll extend
9 a special welcome to everyone for this meeting.

10 The first item is to approve our agenda.

11 M O T I O N

12 MR. FUENTES: Move approval.

13 CHAIRMAN STRICKLAND: Mr. Garten, do you have
14 an item you want to bring to our attention relative to
15 the agenda?

16 MR. GARTEN: Yes. As I told you, I've asked
17 our independent CPAs to remain for the board meeting,
18 and I would like to suggest that we advance part of the
19 audit committee agenda dealing with the financial
20 statement and related matters to an early part of the
21 agenda, at such place as you would feel it would be
22 appropriate.

1 CHAIRMAN STRICKLAND: All right. With the
2 approval of the board, I would ask you to consider
3 moving item 11 -- maybe we'll just move that up before
4 we take any of these reports so we can hear from --
5 we'll hear your entire report, that is, the report of
6 your committee as well as anything that we may need
7 from Nancy Davis and her colleagues.

8 So with the approval of the board, in
9 connection with the motion of the adoption of the
10 agenda, we would move item 11 to appear right after we
11 approve the minutes. So as soon as we approve the
12 minutes, we're going to take up the audit committee.

13 Is that amendment to the agenda acceptable?

14 MR. FUENTES: Accepted. Yes.

15 MR. MCKAY: Yes. Second.

16 CHAIRMAN STRICKLAND: All right. All those in
17 favor of the adoption of the agenda as amended, please
18 signify by saying aye.

19 (A chorus of ayes.)

20 CHAIRMAN STRICKLAND: Opposed, nay.

21 (No response.)

22 CHAIRMAN STRICKLAND: And the agenda is

1 approved.

2 MR. GARTEN: Would Nancy and the two Davids --

3 CHAIRMAN STRICKLAND: One moment, Herb. I
4 want to approve the minutes.

5 MR. GARTEN: Sure.

6 CHAIRMAN STRICKLAND: Let's approve the
7 minutes.

8 Items 2 and 3 are approval of the minutes of
9 the board's open session of November 1, 2008 -- that's
10 found at page 93 -- and approval of the minutes of the
11 board's open session telephonic meeting of November 20,
12 2008 -- that's at page 104.

13 Is there a motion to approve those minutes?

14 M O T I O N

15 MS. SINGLETON: Move that they be approved as
16 submitted.

17 MR. MCKAY: Second.

18 CHAIRMAN STRICKLAND: All right. Any
19 discussion?

20 (No response.)

21 CHAIRMAN STRICKLAND: All those in favor,
22 please say aye.

1 (A chorus of ayes.)

2 CHAIRMAN STRICKLAND: Those opposed, nay.

3 (No response.)

4 CHAIRMAN STRICKLAND: The ayes have it and the
5 minutes are approved.

6 Next we'll take up item 11, out of sequence as
7 we agreed. And that is consider and act on the report
8 of the audit committee. So I'll ask Mr. Garten to make
9 that presentation.

10 MR. GARTEN: Thank you. Will Nancy and the
11 two Davids please front and center? A number of the
12 board members were here when the audit committee -- and
13 unfortunately, of the three-person committee, only two
14 of the members were able to be here, the third having
15 reported in sick.

16 So we moved along, and one of the areas of
17 discussion and as part of our agenda was, of course, to
18 hear from our independent CPAs and also from Jeff
19 Schanz. And I guess, Jeff, if you don't mind, would
20 you come forward, too? And the two Davids.

21 Of the financial audit report for fiscal year
22 2008, Nancy, very briefly, would you just summarize

1 what you reported to the audit committee on the
2 procedure followed, the results, and what you are
3 presenting to us as the final audit report.

4 MS. DAVIS: This year we're happy to report
5 that the Corporation received a clean opinion on their
6 financial statements for fiscal year 2008.

7 There was one area of significant
8 noncompliance that we had to report on, and that
9 concerned the issue of some individuals that are
10 currently performing work for LSC as consultants. And
11 there is some discussion as to whether they are
12 appropriately characterized as consultants or should be
13 considered as temporary employees.

14 This discussion had been going on some time
15 within LSC. There had not been a conclusion reached,
16 so we recommended that it be addressed, then the
17 documentation of the conclusion be made, and that LSC
18 seek an outside opinion to ensure that everything is
19 appropriate.

20 MR. GARTEN: All right. And the report you
21 submitted is what you term a clean report?

22 MS. DAVIS: A clean opinion. Yes, sir.

1 MR. GARTEN: All right. And to what effect,
2 if any, has the issue that David, our David, reported
3 to us in detail involving the \$220,000 item? What
4 effect, if any, does it have on your report?

5 MS. DAVIS: It didn't have any effect. There
6 was a breakdown of internal controls, but it was
7 identified and corrected. A request, an official
8 request, to reprogram funds to cover the shortfall was
9 made, so that there was no problem at fiscal year-end.

10 So management did identify the problem, and it
11 was corrected timely.

12 MR. GARTEN: Now, you have handed out or our
13 David has handed out the accounting procedures manual,
14 accounting procedures.

15 Have you had time to look this over?

16 MS. DAVIS: I've read through it, yes.

17 MR. GARTEN: All right. Do you have any
18 comments on it?

19 MS. DAVIS: No. I believe that if this is
20 followed through, that it should adequately close the
21 gap that arose this year.

22 MR. GARTEN: All right. Jeff, would you

1 comment, please?

2 MR. SCHANZ: Well, here's the Inspector
3 General's caution on just about everything. Procedures
4 in and of themselves are great. How they're
5 implemented is the true test. And that's the IG's
6 role, is to test the procedures to make sure that they
7 are in fact being implemented as anticipated.

8 MR. GARTEN: And with respect to the financial
9 report, you made some comments at the committee
10 meeting.

11 MR. SCHANZ: I indicated that I thought it was
12 well done. It was done timely. Management was
13 cooperative. I said also that it was a benefit for me
14 personally and professionally to have an audit
15 committee to use as a sounding board. And it was, I
16 thought, very beneficial from start to finish to have
17 the audit committee and management engaged from the
18 entrance conference to the exit conference.

19 MR. GARTEN: Thank you. And thanks to Tom
20 Meites' review of the financial statements. He
21 identified an issue that we are going to have resolved,
22 and that is substantial monies at the Bank of America.

1 Pursuant to an agreement that was entered into
2 involving the financing of the building, our counsel is
3 going to review the agreement.

4 I will, also, and we'll determine whether the
5 funds that they're holding are trust funds or whether
6 they're commingled with other funds, and attempt to
7 report to the board at the next meeting, and hopefully
8 have the answer to it long before then.

9 David, you want to comment on that?

10 MR. RICHARDSON: I do, sir. I don't want to
11 leave anybody with the misimpression about the funds
12 that are at the Bank of America. They are only there
13 for three to four days. This is not money set aside in
14 regards to the billing. We just do our banking with
15 them.

16 What we have to do is to make direct deposits,
17 or we are now direct depositing all of our money with
18 our grantees, and we do that on the first day of the
19 month. The bank requires that we have -- that we give
20 them the file to transfer the funds two days prior to
21 the funds being transmitted to the grantees.

22 In addition to that, they want money in the

1 bank prior to them receiving the file with the direct
2 deposit. So this \$12 million that we're talking about
3 is only sitting there for three, four, five days
4 maximum.

5 MR. GARTEN: Well, what we intend to do is to
6 attempt to quantify the risk involved, even though the
7 funds are there for a short of time, and what we can do
8 to alleviate any problem in the future, including
9 clearly identifying those funds as trust funds.

10 MR. RICHARDSON: Yes.

11 MR. GARTEN: If we can do it. And we'll be
12 reporting back to the board at the next board meeting.

13 Thank you. Anything else, David? Sarah?

14 MS. SINGLETON: Yes. I am very impressed by
15 how quickly we got the audit this year. It seems to me
16 it's months in advance of when we got it before. I
17 want to thank the audit committee, the IG, the auditor,
18 management, and everyone who was involved in getting it
19 out so quickly. I think it's very useful to have the
20 information this timely.

21 MR. GARTEN: I concur in that, those comments,
22 and appreciate everything you all have done.

1 Is there any questions of the board or any
2 comments of the board?

3 CHAIRMAN STRICKLAND: Are there any?

4 (No response.)

5 CHAIRMAN STRICKLAND: Does that complete the
6 report of the audit committee?

7 MR. GARTEN: No.

8 CHAIRMAN STRICKLAND: Go ahead.

9 MR. GARTEN: But I will excuse you.

10 CHAIRMAN STRICKLAND: All right. Good. And
11 thank you for staying with us, Nancy.

12 MR. GARTEN: I'll be very brief. We had a
13 review of the federal Form 990 that Nancy and her firm
14 have prepared for us. It's very interesting, and next
15 year's is even going to be more complicated.

16 And management is going to alert board members
17 of the importance of keeping accurate time records in
18 the future of all the time they spent on the affairs of
19 the Legal Services Corporation.

20 We considered acting on the establishment of
21 procedures for the receipt, retention, processing, and
22 resolution of complaints or expressions of concern

1 regarding accounting, internal controls, and auditing
2 issues.

3 It was passed. The one that you have in your
4 book was approved by the committee subject to one
5 addition recommended by Tom Meites. And Charles, have
6 you got the language that we're adding?

7 And you might say this was a short addition
8 clarifying how an individual who had filed a complaint
9 with the audit committee, in the event that they felt
10 no further action should be taken on it, how that was
11 reported to the complainant.

12 And the additional language that's being
13 added, Charles?

14 MR. JEFFRESS: In step 6 at the end of the
15 first sentence we'll add a sentence saying, "If the
16 complaint is closed, the chairman will notify the
17 complainant of the disposition."

18 MR. GARTEN: So with that, I ask for a motion
19 approving this edition of section 2.5 of the employee
20 handbook, as amended.

21 MOTION

22 MR. MEITES: I so move.

1 MR. GARTEN: Second?

2 MS. BeVIER: Second.

3 MR. GARTEN: All right.

4 CHAIRMAN STRICKLAND: Any further discussion
5 on that motion?

6 (No response.)

7 CHAIRMAN STRICKLAND: All those in favor,
8 please say aye.

9 (A chorus of ayes.)

10 CHAIRMAN STRICKLAND: Opposed, nay.

11 (No response.)

12 CHAIRMAN STRICKLAND: The ayes have it and the
13 motion is approved.

14 MR. GARTEN: Mr. Chair, that covers, I
15 believe, everything to be reported to the board.

16 CHAIRMAN STRICKLAND: All right. Thank you
17 very much.

18 MR. GARTEN: So shall I call for a motion? I
19 don't have to --

20 CHAIRMAN STRICKLAND: No. I don't think
21 there's any further motion required.

22 MR. GARTEN: All right.

1 CHAIRMAN STRICKLAND: You might want to turn
2 off your microphone. As I understand the system, if
3 there are too many microphones on, the system doesn't
4 work so well.

5 To the two non-lawyer members of the
6 committee, welcome to the world of time record-keeping,
7 the bane of many lawyers' existence.

8 The next item on the agenda is the chairman's
9 report. The first thing I'd like to do is welcome to
10 our meeting today Les Jin, representing the ABA SCLAID
11 committee. Les, would you stand and be recognized?
12 We're glad to have you with us.

13 (Applause)

14 CHAIRMAN STRICKLAND: Second, a matter of some
15 interest has come to our attention, and I don't think
16 she would tell us about it herself so I will tell all
17 of you that the Martha Jefferson Hospital board of
18 trustees recently presented the Henry B. Thielbar
19 Leadership in Governance award to Lillian Bevier --

20 (Applause)

21 CHAIRMAN STRICKLAND: -- for her deduction and
22 leadership, especially during the planning of the new

1 hospital. The award, which is the hospital's highest
2 honor, recognizes an individual who has significantly
3 furthered the mission of Martha Jefferson Hospital
4 through outstanding service, commitment, and leadership
5 over time. So I congratulate Lillian upon her receipt
6 of that award.

7 MS. BeVIER: Thank you very much.

8 CHAIRMAN STRICKLAND: Were you going to tell
9 us about that on your own motion?

10 MS. BeVIER: I didn't think I would. I also
11 didn't know that you were going to.

12 CHAIRMAN STRICKLAND: Well, of course I didn't
13 tell you that. I was going to surprise you with it.

14 MR. MCKAY: Mission accomplished.

15 CHAIRMAN STRICKLAND: Now, we don't ordinarily
16 recognize employees for their length of service, but
17 today we're going to do that. Helaine Barnett is the
18 longest-serving president in the history of LSC, and we
19 have prepared a certificate recognizing that.

20 I'd like to present that to her now, to ask
21 our photographer to see if he can memorialize the
22 occasion with a couple of pictures. Let me get it.

1 MS. BARNETT: I also didn't know about this.

2 MS. BeVIER: What has Frank been up to?

3 CHAIRMAN STRICKLAND: Can you get this, Mr.

4 Reporter? We have a lot of surprises today, but this
5 is an LSC service award presented to Helaine M. Barnett
6 in recognition and appreciation of your five years of
7 dedicated service to the Legal Services Corporation.

8 It's dated January 31, 2009. Please join me in
9 congratulating Lillian.

10 (Applause)

11 MS. BARNETT: You told me a photo op, but you
12 didn't tell me it was --

13 CHAIRMAN STRICKLAND: This was the photo op.

14 (Laughter.)

15 MS. BARNETT: Thank you very much. And I also
16 did not know about this.

17 CHAIRMAN STRICKLAND: That concludes the
18 chairman's report, so we'll turn to members' reports.
19 Do any members have reports they would like to make
20 individually? Tom Meites?

21 MR. MEITES: I would like at this time to
22 distribute to the board an article that appeared in the

1 January issue of the Chicago Bar Foundation magazine.

2 This is a public -- the Chicago Bar Foundation is the
3 grantmaking arm of the Chicago Bar Association.

4 The article is a list of recommendations for
5 the Obama administration on improving access to
6 justice. Some of them parallel positions we have
7 taken, for example, fully funding a loan forgiveness
8 program. Others are quite interesting -- proposing a
9 single-grant application for all federal funds rather
10 than one for us and one for the Department of Justice
11 programs.

12 Some we may agree with; some we may not. It
13 calls for removal of all restrictions imposed in 1995
14 and before. But I think it's interesting not just for
15 the substance, but that legal organizations apparently
16 see this -- see the present moment as a time when
17 substantial changes may be made in the rules governing
18 federal aid to access to justice.

19 That concludes my report. I think you'll find
20 it an interesting article. And I had absolutely
21 positively nothing to do with it except reading it.

22 CHAIRMAN STRICKLAND: All right. Thank you,

1 Tom.

2 Do any other members have reports they'd like
3 to make to the board?

4 MR. GARTEN: I would.

5 CHAIRMAN STRICKLAND: Go ahead, Herb.

6 MR. GARTEN: I've spent the last almost six
7 years extolling the great things happening in Maryland
8 in legal services. And while I was at the last board
9 meeting, I had to miss a committee that has just been
10 formed by the chief judge of our court of appeals, the
11 highest court, the Maryland Access to Justice
12 Commission.

13 So usually we're at the front of everything --
14 IOLTA, public notice of pro bono services. And here
15 they are at this late date forming a Maryland Access to
16 Justice Commission. But worse than that, because I
17 wasn't there and I had been appointed to the
18 commission, they made me a committee chair.

19 (Laughter.)

20 MR. GARTEN: So the moral of the story is -- I
21 don't know what it is. Be there. Right.

22 CHAIRMAN STRICKLAND: I'd also like to note

1 for the record -- I don't know that he's going to
2 report on this himself -- but we welcome back to the
3 table our good friend Tom Fuentes, who's been
4 participating by telephone for some meetings when he's
5 been under the weather. He looks fit as a fiddle and
6 ready for action, so we're delighted to have your
7 booming voice back at the table with us, Tom.

8 (Applause)

9 MR. FUENTES: Thank you very much. Thank you,
10 Frank, and to all of you, thank you. It's a joy to be
11 back in person. And of course, I've been with you by
12 telephone. I do feel good, like myself once again.

13 As some of you know, my transplant, my liver
14 transplant, came from a donor 16 years old. So I now
15 feel that on average, I'm about 32, and now the
16 youngest member of the board.

17 (Laughter.)

18 MR. FUENTES: And so that's special. Thank
19 you.

20 CHAIRMAN STRICKLAND: Thank you, Tom.

21 Do any other members have reports?

22 (No response.)

1 CHAIRMAN STRICKLAND: All right. Let's move
2 then to the president's report, and I'll call on
3 Helaine Barnett for that.

4 MS. BARNETT: Thank you, Mr. Chairman.

5 I'd like to begin by thanking the board for
6 the opportunity to let LSC showcase yesterday morning
7 some of the significant work that we do and the
8 wonderful staff that we have.

9 As you know, we had a presentation by the
10 Government Relations and Public Affairs staff on
11 appropriations and media. We had presentations by our
12 oversight offices, OPP, anatomy of a quality program
13 visit, and OCE's upcoming trainings.

14 We had a presentation on our disaster
15 assistance and our new website that we collaborate with
16 the ABA, NLADA, and Pro Bono Net. And we had a
17 presentation on our TIG grants, a presentation on both
18 the grants we gave out for '08 and the very successful
19 conference we had in Austin, Texas on January 21, 22,
20 and 23.

21 So much of that information is in my
22 president's report. I'm not going to repeat it here.

1 But thank you again for the opportunity to let our
2 wonderful staff showcase the important work they do.

3 I will just highlight some of the things in
4 the president's report that were not referred to --
5 although maybe this was referred to as well, but I'm
6 going to still highlight the fact that we are committed
7 to updating the Justice Gap report. And we've been
8 fortunate that the advisory committee that helped with
9 the original report all agreed to serve.

10 And I think in the audience, Don Saunders is a
11 member of the original committee and is still serving.

12 We have Bob Echols and Terry Brooks, and Deb Hankinson
13 is replacing Bill Whitehurst since she is the current
14 chair of SCLAD.

15 And we have three program executive directors
16 participating, Anthony Young from Southern Arizona,
17 Lois Wood from Land of Lincoln, and John Asher in his
18 capacity as executive director of Colorado Legal
19 Services, working with an LSC staff.

20 And in fact, I sent a memo to all executive
21 directors on January 21st requesting them again their
22 assistance to document those unable to serve and unable

1 to serve fully for the same period of time, two months,
2 from March 16, 2009 through May 15, 2009.

3 So we are updating the unable to serve study.

4 We are also updating the legal needs studies that have
5 taken place since 2005. And we're updating the count
6 of attorneys available to the general public versus the
7 legal aid attorneys available to the poor.

8 We hope to issue the report to the board for
9 their approval at the end of the September -- probably
10 some time in September in order that it be most useful
11 and helpful during the final appropriations process.

12 Also, as you briefly heard, I sent out e-mails
13 this week setting up again advisory groups, which we
14 find to be particularly helpful in getting input to us
15 and guidance to us before we make any final decisions,
16 on PA advisory group and on financial issues and
17 controls group.

18 And these are the initial groups. We then
19 intend to invite interested other persons to
20 participate in various aspects of these meetings.

21 In addition, following the November meeting,
22 we sent to all grantees a copy of the final document

1 that this board reviewed at the November meeting on
2 technology capacities that should be in place in a
3 legal aid office today. We have announced, as you
4 know, that a technology plan will be required as part
5 of each grant renewal application for fiscal year 2010.
6 And we also provided them with guidance as to ways in
7 which LSC can be of help in letting them obtain the
8 most effective technology capacities.

9 One thing else I just want to report on
10 briefly is on Thursday of this week, we had our second
11 national call on foreclosure assistance. It was a
12 really great call of participants by national
13 organizations doing foreclosure work and by a
14 significant number of LSC grantees that had asked to
15 participate that are doing terrific work in this area.

16 And we discussed a wide range of advocacy
17 issues and possible legislative initiatives. And we
18 have committed to continue to host these meetings on an
19 every-two-month basis.

20 And finally, I will just share with you of all
21 the events -- although I should take note that the
22 Legal Aid Society of Orange County's 50th anniversary

1 celebration was in our own board director Tom Fuentes'
2 home town, and he was an honored guest as well.

3 And the great love and respect that the
4 community holds, Tom, was so evident by everybody that
5 was in attendance there. And it was my first
6 opportunity to see him in person. And judging from how
7 well he looked then, I was sure he was going to be here
8 at our meeting.

9 And finally, I attended -- this is my second
10 time -- the Texas Supreme Court hearing in Austin on
11 December 10th. This is the only supreme court, the
12 highest court of the state, of which I am aware, that
13 holds hearings every four years on the state of civil
14 legal services for the poor of the state. And all nine
15 justices preside at the hearing and listen to testimony
16 all afternoon.

17 I was invited to give a national perspective.

18 I was the lead presenter. Other witnesses at the
19 hearing included the executive directors of two of our
20 LSC-funded programs, David Hall of Texas RioGrande
21 Legal Aid and Paul Furr of Lone Star Legal Aid.

22 Bill Whitehurst, the immediate past chairman

1 of the ABA's SCLAID committee, also testified, as well
2 as the Texas Access to Justice Commission and other
3 representatives of the state bar and access to justice
4 foundation, as well as clients of legal aid programs.

5 So I just -- I'm always impressed when a state
6 court, high state court, takes the time on a regular
7 basis to hear from the community as to what are the
8 civil legal needs of the poor. And I hope that it will
9 become a model for more states to follow.

10 So that is my report. I'm happy to answer
11 questions.

12 CHAIRMAN STRICKLAND: Are there any questions
13 for Helaine? Yes, Sarah?

14 MS. SINGLETON: Yes. Helaine, are there
15 written instructions that you sent to the EDs
16 concerning updating the Justice Gap?

17 MS. BARNETT: Yes, there are.

18 MS. SINGLETON: Is it possible to get a copy?

19 MS. BARNETT: Of course it is. I'm happy to
20 share both the memo I sent with the attachments to the
21 board. And one thing I forgot, once again, Mr.
22 Reporter, if I could ask that my entire record be -- my

1 entire report be made an official part of the record.

2 THE REPORTER: Absolutely.

3 MS. BARNETT: Thank you. I'll be happy to do
4 that.

5 Are there any other questions?

6 (No response.)

7 CHAIRMAN STRICKLAND: Okay. Thank you very
8 much, Helaine, for that report.

9 The next item on the agenda is the Inspector
10 General's report. And we'll call on Jeff Schanz.

11 MR. SCHANZ: Thank you for the opportunity to
12 talk about something that's a bit of a misnomer. It's
13 called the IG's report, but this is a report on the
14 entire Office of the Inspector General. I couldn't be
15 reporting to you my accomplishment without the
16 assistance of my capable staff.

17 We've been very busy leading into the new
18 year, starting first with the IG Reform Act amendments
19 of 2008 that I briefed you on in Salt Lake City. The
20 council has held their first meeting and started making
21 committee assignments. There are up to close to 70
22 inspectors general in the federal government and

1 related agencies, of which LSC OIG is one.

2 It's a cast of thousands now. With the
3 combined council, there are many people there. They've
4 had to find room for us, and they have. We had a
5 meeting on January 15th in which committee assignments
6 were made.

7 It appears that I was -- I don't want to use
8 the term conscripted, but possibly I was, or
9 shanghaied, into the human resources subcommittee of
10 the Council of Inspectors General. My predecessor was
11 involved in that committee, and by default it looks
12 like I will be also.

13 Anyway, that's continuing to evolve. There
14 are discussions on government-wide and agency-wide
15 joint projects. There are a couple that are already
16 ongoing, which is the National Procurement Fraud Task
17 Force and then a subcommittee -- and I'm very familiar
18 with these from my prior tenure with the Department of
19 Justice Inspector General's Office -- and a
20 subcommittee on grants fraud. So I've imported some of
21 that information here to LSC. There's been a lot of
22 reach done on that.

1 I am pleased to report to the board that we
2 passed with an unmodified opinion a peer review
3 conducted of our organization by SIGIR, the Special
4 Inspector General for Iraqi Reconstruction. I received
5 the final report on Thursday evening. I haven't had a
6 chance to really go through it and assess it with my
7 key staff. But we will be posting that on the OIG
8 intranet, and we will make copies available to the
9 board members.

10 I am pleased that they recognized that we are
11 making improvements. They recognize that our work
12 meets GSA -- or GAO standards. And that's sort of what
13 we require of our IPAs also, so it makes a lot of sense
14 that the Inspector General of the LSC has passed their
15 peer review.

16 I do want to surface, though, an issue that
17 they brought to my attention or to our attention. And
18 even though I didn't agree with it, it's still out
19 there and it will be part of the peer review report as
20 appendix B, wherein there were issues under
21 organizational independence where this IG was
22 questioned as to whether we are truly independent from

1 the board and truly independent from management.

2 I believe we presented a compelling argument,
3 and of course I trotted out such things as, since I've
4 been on board, the IG has their own outside employment
5 reporting requirement. We have our own standards for
6 professional duties. And I was able to convince them
7 that we are no longer bound by some of the agreements
8 that my predecessor made as far as access to records.

9 I'm currently in negotiation with Helaine and
10 her staff on modifying some of the information in the
11 employee handbook as it relates to procedures on access
12 to records. And that is board-approved. We're not
13 prepared to present it to the board today, but we will
14 be shortly as we work through the negotiation process.

15 And my big concern is since it's in -- there's
16 a whole appendix on the access -- or not the access,
17 but the independence issue, that any prior IG or post
18 IG or peer review, which occurs every three years, may
19 follow up on that.

20 And I believe for the longevity of this
21 Corporation and this Corporation's IG, that we need to
22 be prepared to deal with that issue. And we did talk

1 about it in our response, and like I said, I have to
2 really fully assess what they said before I post it on
3 our intranet.

4 The other major project we heard about quite a
5 bit today was the oversight of the corporate financial
6 audit. I've already given kudos to Dutch Merryman and
7 his team, but I do want to underscore also that they
8 went back, and as far as peer reviews and oversight is
9 concerned, they went back and looked at the corporate
10 auditor's working papers to make sure that their
11 findings were well supported and that their work met
12 professional standards. And in all cases, they did.

13 Something else that we did that is not of -- I
14 don't think, but it's important -- we sent out a fraud
15 alert to all the EDs, and we also have a new hotline
16 poster asking individuals if they identify any fraud,
17 waste, or abuse to notify the Office of the Inspector
18 General, specifically, our investigations division.

19 And it's interesting. No sooner had we sent
20 that out than the phone lines and the faxes were
21 starting to come in. So it's sort of like Kevin
22 Costner on "Field of Dreams" -- if you build it, they

1 will come. And if you open that door, you will get
2 input. And that may be something that the audit
3 committee should be prepared for once the reporting
4 procedures are made public.

5 In addition to that --

6 MS. SINGLETON: Jeff, before you --

7 MR. SCHANZ: Yes, ma'am?

8 MS. SINGLETON: Are you able to quantify how
9 many reports of fraud, waste, or abuse you received on
10 the hotline?

11 MR. SCHANZ: I would defer to my AIGA, Mr.
12 Coogan. But it's been more than a couple. And that is
13 one of the reasons why, in the 2000 (sic) budget, I'm
14 asking for an additional investigative position.

15 One of the things that I did as a kinder,
16 gentler IG, and I thought it went very, very well, is
17 we had an IG panel at the national NLADA conference.
18 And I know that Don Saunders is here behind me, so he
19 may have an opinion on that.

20 But the title of the topic and the
21 presentation -- and it was standing room only, and it
22 was shepherded by Tina, Tina Nelson of -- one of my

1 investigative counsels, and she did an excellent job --
2 was, "Demystifying the OIG."

3 And it wasn't just a dry presentation on this
4 is what the IG does, but it was a very good
5 back-and-forth question and answer. So each of the
6 AIGs spoke as to their field of jurisdiction and their
7 field of expertise.

8 Dutch talked about how we conduct an audit.

9 How do we select an audit? Tom was able to talk about
10 how we conduct an investigation, within limits, of
11 course. And, you know, that gets everybody's interest;
12 you mention investigation, and they all pay attention,
13 even to me. And we had Laurie there, who talked about
14 what legal does, the assistant inspector general and
15 legal counsel. So it was, I thought, a very good
16 presentation.

17 I already knew this, but what I took from it,
18 from the EDs' and the attendees' point of view, is the
19 need for immediate feedback. And that was the
20 adjustment that I think was very important we just made
21 earlier today, or the board made, on step 7 of the
22 audit committee report back. If somebody is going to

1 step forward with a complaint or an observation, then
2 we owe it to them to get back with them.

3 And I've instituted a 48-hour rule with the
4 IG, not saying, well, we've accepted the case or we're
5 going to do this, but at least acknowledge receipt.
6 Because the people who step forward have a right to
7 know that we take their complaint seriously and we're
8 going to dispose of it one way or the other. But they
9 have a right to know that.

10 I guess that's the lion's share of it. I
11 mean, we continue to report out with the council now,
12 the Council of Inspectors General on Integrity and
13 Efficiency. We are working on transition documents for
14 the new administration as an IG body, and that's going
15 to include a lot of our statutory authority.

16 Right now, under this council, there really is
17 no distinction between a presidentially appointed
18 inspector general or an executive-appointed inspector
19 general, which is me.

20 I think the presidentially appointed ones, the
21 only big difference that I've noticed so far has
22 nothing to do with our statutory authorities or our

1 independence or our objectivity or the work that we do.
2 If you're presidentially appointed, you're the
3 Honorable. So I'm still just Jeffrey E. Schanz,
4 Esquire. I'm not the Honorable, unless the board
5 decides to approve a motion that would start calling me
6 the Honorable.

7 (Laughter.)

8 MR. MCKAY: So moved.

9 MS. BEVIER: No, no, no. Just be that.

10 MR. SCHANZ: I'm sorry?

11 MS. BEVIER: I said, just be that.

12 MR. SCHANZ: That's part of my character,
13 Lillian. You know that already.

14 With that said, I'll open myself up for
15 questions. I do have my assistant IGs behind me, and
16 they can answer anything in their field of expertise,
17 which includes audit, legal, management, and
18 evaluation.

19 I am pleased, I should add to this, that we
20 were able to hire a very qualified individual. And
21 he's a lot younger than I am, and he works real well
22 with computers since we talked about IT-challenged a

1 little bit. He's working for Dave Maddox in the
2 management and evaluation unit. And that's part.

3 And I intend to hire two more people to
4 further what we had talked about a little bit earlier
5 under Dutch's 509 presentation on using the IPAs to
6 further enhance and drill down into our reviews of IPA
7 reports, and surface red flags that will be immediately
8 referred to LSC management.

9 Yes, sir?

10 CHAIRMAN STRICKLAND: Any questions -- sorry,
11 Jeff. Go ahead.

12 MR. SCHANZ: Oh, I was just --

13 CHAIRMAN STRICKLAND: Mike? Yes. Thank you,
14 Mr. Chairman. We as a board have been very concerned
15 and focused and careful about IG independence. That
16 has been some hard-earned wisdom and judgment. So I'm
17 concerned to hear that in a peer review, that question
18 has arisen.

19 So I'm wondering if you could take a minute
20 and just briefly summarize what the factors were, what
21 the indicators were, that caused those who conducted
22 the review that there might be independence questions.

1 MR. SCHANZ: Well, I took it very seriously
2 also because that's never been questioned in any work
3 that I have done within the IG community. This is the
4 first time, and it came out of left field.

5 You will read it shortly when we provide the
6 final report to you. But it's general comments. It's
7 exhibit B, and the title of it is, "External actions
8 could be viewed as attempts to unduly control, impede,
9 or restrict OIG's organizational independence."

10 And I'll read you just some of the highlights.

11 And we tried to get them to take it out because I
12 didn't think it was relevant to the peer review guide
13 that I'm familiar with. But you can't tell peer
14 reviewers what to look at. You hope they stay within
15 the parameters of the peer review guide.

16 But I think I mentioned earlier, and I don't
17 know what setting, but there's good attorneys and bad
18 attorneys. There's good doctors; there's bad doctors.

19 And there's good peer reviewers, and there's peers
20 with an agenda.

21 But I quote: "During our peer review, we
22 noted that the LSC board of directors and management

1 had in the recent past taken actions that could be
2 viewed as attempts to unduly control, impede, or
3 restrict the OIG's independence. The OIG's
4 independence was also of concern to LSC's congressional
5 oversight committee, which held hearings on the matter
6 in September 2006," which may be like what you're
7 referring to.

8 "Independence is key to auditor's ability to
9 ultimately form objective opinions and conclusions.
10 The Inspector General Act and other OIG authorizing
11 legislation provides statutory protections for
12 independence as required by GAGAS 325," which then gets
13 into the Yellow Book interpretations or the Yellow Book
14 standards as to what independence actually is.

15 I feel -- and I told them this -- I feel not
16 only am I independent, but I feel emboldened in that
17 independence because of some of the reports I've issued
18 already. I report factually. I report objectively.
19 I've had no impediments. I've had no access to records
20 issues. I mean, some of the things that happened in
21 the past I believe are in the past. And I took this
22 position looking forward to make the organization a

1 better organization. And I'm going to persist to do
2 that without impediment, as far as I'm concerned.

3 The new IG Reform Act actually anticipates
4 that question and provides an avenue for inspector
5 generals to report directly to Congress. We've always
6 had that; it was called the seven-day letter. We've
7 always had that authority. But they clarified it a
8 little bit as far as our budget independence is
9 concerned.

10 And if you look back in your Salt Lake
11 minutes, or I can make them available to you, I had our
12 legal staff do an assessment of the IG Act
13 recommendations and how it all applied to the LSC OIG.

14 Yes, ma'am?

15 MS. BEVIER: Jeff, I wonder if you can -- I
16 take it from the quotes that you have just shared with
17 us that there was no mention of specific instances in
18 the recent past to which they were referring. It
19 sounded as though it were pretty general.

20 I mean, if there's something specific that is
21 -- that appears to be an infringement of your
22 independence, looking at it from the outside, I think

1 we all want to know about it because I share Mike's
2 concern and Mike's commitment, and I think we all do,
3 that we understand the necessity for you to be
4 independent.

5 MR. SCHANZ: I appreciate that, and I've seen
6 nothing but support for that position from the board.
7 They did go back in time, and I mentioned a little
8 earlier in my report that there is a procedure in the
9 employees handbook, specifically paragraph 25, that I
10 had questioned the need for. And management hear me
11 and were negotiating how to best present that.

12 And it was based on past activity. I am not
13 the prior IG, and I just feel like I haven't had issues
14 that I need to have ventilated by the peer review. But
15 they're doing the peer review, and they chose to
16 ventilate that issue.

17 MS. BeVIER: Thank you.

18 MR. SCHANZ: You're welcome.

19 CHAIRMAN STRICKLAND: Do you have anything
20 else, Jeff, or does that conclude your report?

21 MR. SCHANZ: I can talk for as long as you
22 want to listen.

1 (Laughter.)

2 MR. SCHANZ: But that concludes the
3 substantive part of my report.

4 CHAIRMAN STRICKLAND: All right. Unless there
5 are other questions -- sorry. Go ahead, Herb.

6 MR. GARTEN: The members of the peer review
7 group, were any of them involved in dealing with Legal
8 Services Corporation in the past or with your
9 predecessor?

10 MR. SCHANZ: No. No. Interestingly enough, I
11 had worked with one of the peer reviewers 20 years ago
12 in the Department of Justice. It may or may not have
13 helped me. I'm not sure.

14 MR. GARTEN: Thank you.

15 MR. SCHANZ: Okay. You're welcome.

16 CHAIRMAN STRICKLAND: Okay. Any other
17 questions for Jeff?

18 (No response.)

19 CHAIRMAN STRICKLAND: If not, thank you very
20 much, Jeff.

21 MR. SCHANZ: Thank you.

22 MR. FUENTES: Mr. Chairman?

1 CHAIRMAN STRICKLAND: Yes, sir?

2 MR. FUENTES: I failed to mention two items
3 during members' reports which have come to mind.

4 CHAIRMAN STRICKLAND: Go right ahead.

5 MR. FUENTES: In recent weeks I've had the
6 pleasure of being in contact with our former colleague,
7 Ambassador Rob Dieter. And Rob specifically asked me
8 if I would convey his warm greetings to the board. And
9 I didn't want to let that slip by.

10 He is finishing up his service as the United
11 States Ambassador to Belize and returning to stateside
12 and doing a lot of projects as he wraps up in service
13 to the people of that community.

14 I've had the pleasure of working with him on a
15 library outfitting/supplying book effort for the
16 University of Belize there in Belize City, and I know
17 our own community at home has been sending nurses down
18 to Belize. Rob takes the opportunity to greet them
19 personally, and I hear back from these nurses how
20 involved he is with serving the poor and needy of the
21 Central American republic. And I think we can be very
22 proud of him. And I didn't want to let it pass without

1 conveying Rob's greetings to all of you.

2 And the other nice contact, and I know Lillian
3 has shared in this, too, but recently we've heard from
4 Mickie Subia, the widow of our late colleague, Lico
5 Subia, of happy memory. And Mickie sends her greetings
6 to the board as well. Thank you.

7 CHAIRMAN STRICKLAND: Thank you very much,
8 Tom.

9 Before we take up the next report, I want to
10 recognize Chuck Greenfield, who's in the audience.
11 Chuck has joined LSC as a program counsel. He was
12 formerly executive director of the legal services
13 program in Hawaii. So we welcome you to Washington and
14 look forward to working with you.

15 MR. GREENFIELD: Thank you, Frank.

16 CHAIRMAN STRICKLAND: The next item is to
17 consider and act on the report of the finance -- I'm
18 sorry, the provision for the delivery of legal services
19 committee. Sarah, are you going to give that report?

20 MS. SINGLETON: Yes, Mr. Chairman.

21 In Chairman Hall's absence, I presided over
22 the provisions committee. We got an update from

1 Stephanie Edelstein about the pro bono activities that
2 the staff has undertaken. To some extent, Helaine
3 covered part of that in her report.

4 One of the interesting things I think that we
5 learned was that the executive directors, who have been
6 active in having their boards implement resolutions
7 along the lines of the one that we passed concerning
8 pro bono activities, has said that that has had a
9 salutary effect on their boards in that boards have
10 begun to realize or appreciate the role that the board
11 has in enhancing private bar involvement.

12 In addition, the staff now looks at the PAI
13 plans -- that's the private attorney involvement plans
14 -- as part of the competition when they review the
15 applications. This is an aspect of the program visits.

16 Best practices in this regard are noted on our
17 website, and they have highlighted three programs in a
18 couple of workshops that the staff has put on or will
19 put on.

20 Another thing that was mentioned that had
21 quite a bit of discussion was the honor roll or
22 proposed honor roll, in which this board would

1 potentially be involved in giving some national
2 recognition to attorneys or law firms or legal clinics
3 or corporate counsel who do a lot of pro bono work.

4 There was a plan that was put forward. The
5 details of it are in your books. It basically would
6 have one nomination -- or each program could nominate
7 one person, so there would potentially be 137
8 nominations.

9 There was some issue as to that because,
10 basically, the nominees would be selected by the
11 program. They would be given an award by this board,
12 but this board really would not have much to do with
13 picking the people who got the award. As proposed, we
14 would just rely on who the programs nominated.

15 The committee asked that the staff go back and
16 rethink this a little bit more. We would like for the
17 award to be national in scope, but at the same time we
18 don't want it to involve a lot of either board or staff
19 time to select the recipients. So we think that there
20 needs to be some more thought put into this plan.

21 We requested that they get more input from the
22 ABA, both to make sure that there is no issue with us

1 giving that kind of award, but also just some ideas
2 about how we might be able to do this most effectively
3 and efficiently.

4 What we want to use it for is not only to
5 recognize people who have done some good work, but
6 also, and perhaps even more importantly, to encourage
7 others to volunteer. As part of the staff report, we
8 also asked that they give us a budget projection for
9 how much this would cost.

10 We heard that many of our programs are
11 involved in statewide access to justice community
12 activities, and that these activities do not meet the
13 requirement for the 12-1/2 percent of their budgets
14 that they must spend on PAI activities.

15 To address those kinds of issues, an advisory
16 group has been set up. And I think that Helaine
17 mentioned that in her report also. Helaine will also
18 participate in forums -- in a forum at Yale Law School
19 on pro bono activities.

20 That was our update on the various activities
21 that have been undertaken in order to implement our pro
22 bono directives.

1 We then had a report on what is currently
2 known as the Pilot Loan Repayment Assistance Program
3 from Cindy Schneider. She told us about finishing up
4 with the first round of the pilot for three years. I
5 think she said there were 48 -- I can't remember now --
6 I had 48 attorneys, but I'm not sure if that's for this
7 year or in the first three years.

8 At some point in time, there were 48
9 attorneys. They're getting \$5600 a year. They're
10 going to evaluate the initial pilot group, in
11 particular to see if now that it's over, it is
12 impacting the ability of programs to retain these
13 people. Will they stay after their loan repayment
14 assistance has ended? No, that was -- the 48 attorneys
15 did apply to the first round.

16 The second round of pilots, of the pilot
17 program, had half a million dollars in it. Twenty-two
18 attorneys got funded. They must reapply every year and
19 show eligibility. And their debts range from \$56,000
20 to \$160,000.

21 There needs to be a discussion at the board
22 level of whether to continue the pilot once the other

1 legislation dealing with loan repayment is funded and
2 implemented. As we understand it, the Harkin Amendment
3 still needs funding, so some time later this year or
4 perhaps next year, the board should discuss whether LSC
5 should continue with this loan repayment assistance
6 program.

7 However, in the meantime and in the interim,
8 it is the unanimous recommendation of the provisions
9 committee and everyone else who was in the room that we
10 rename this to be the Herbert S. Garten LSC Loan
11 Repayment Assistance Program.

12 M O T I O N

13 MR. FUENTES: So moved.

14 CHAIRMAN STRICKLAND: Is there a second?

15 MS. BEVIER: Second.

16 CHAIRMAN STRICKLAND: Any discussion?

17 (No response.)

18 CHAIRMAN STRICKLAND: All those in favor,
19 please say aye.

20 (A chorus of ayes.)

21 CHAIRMAN STRICKLAND: Opposed, nay.

22 (No response.)

1 CHAIRMAN STRICKLAND: An overwhelming chorus
2 of ayes. The motion passes.

3 MS. SINGLETON: Very good. We also learned
4 that the issue that we heard about previously
5 concerning data gathering for the Native American
6 funding has been resolved, and the contractor can get
7 the necessary data in a most efficient manner. And
8 that is underway.

9 And finally, we heard about an effort from a
10 group of experts in law practice management where the
11 fellows of this group will attend or will visit
12 programs during the program quality visits when
13 expertise in law practice management might be needed.

14 They have volunteered to do this, with LSC
15 paying only travel costs. Their time will be pro bono.
16 Based on our knowledge of the person who made the
17 proposal, I think this could be quite useful to many of
18 our grantees. And it is a very good partnership, I
19 think, for LSC to have undertaken.

20 And I believe that's the report of the
21 provisions committee.

22 CHAIRMAN STRICKLAND: Questions for Sarah?

1 Tom?

2 MR. FUENTES: Mr. Chairman, maybe a suggestion
3 to the full board as opposed to a question to Sarah. I
4 think this matter of review of the program that was
5 raised by Tom, and an expression of his concern, ought
6 to be more than just out there.

7 I think maybe the board ought to request of
8 the provisions committee to agendize it I think we
9 should give that direction to the committee because I
10 think there was enough concern and opinion expressed.

11 Sarah?

12 MS. SINGLETON: I believe that direction was
13 given at our last meeting, but we were waiting to
14 determine what happened with the funding under the
15 Harkin Amendment, is what I understood to be the report
16 from Karen. So I think that direction has been given.

17 MR. FUENTES: Okay. Well, so that it should
18 show up as a point on the agenda at the next meeting of
19 provisions. If they're not ready at that time, then it
20 can be carried over to the following meeting. But I
21 think as important as it is and as significant as the
22 comments that were made, it ought to be there.

1 MS. SINGLETON: Yes. I just didn't want to
2 get the other Tom so excited that we were going to
3 discuss it at the next meeting that his hopes would be
4 dampened if they hadn't funded the Harkin Amendment
5 yet.

6 (Laughter.)

7 MR. FUENTES: The other item that I'm
8 wondering if the board as a whole might ask of the
9 provisions committee to look into for us, and I would
10 certainly accept another committee if it would be more
11 appropriate, but I did read that large article -- I
12 think it was in the New York Times -- about IOLTA
13 funding and how it has been minimized by the fact
14 that they don't earn any interest these days, either.

15 MS. SINGLETON: Right.

16 MR. FUENTES: So could we get that quantified?
17 Could we get a report? Could we hear about, you know,
18 what impact is that having out in the field, and what
19 are instances of the dropoff, you know. And in a --
20 any state, how big is that impact, and what's
21 happening? Give us a real hands-on understanding of
22 what's happening with that.

1 MS. SINGLETON: I believe that's something
2 that can be done. We have lots of people in the room
3 who have been involved in studying that issue, many
4 people on the board who've been involved with IOLTA
5 programs. And I think something could be gotten by the
6 April meeting.

7 Do you agree, Helaine?

8 CHAIRMAN STRICKLAND: Let's ask Mr. Garten for
9 a comment on that. He's a past chair of the ABA IOLTA
10 committee. Herb, can you give us a comment?

11 MR. GARTEN: Well, I was going to suggest that
12 the IOLTA Commission, the ABA IOLTA Commission, the
13 chair be invited to the next meeting. They're right on
14 top of this and very, very concerned about it. And I'm
15 sure they'd be -- the chair would be pleased to attend.

16 MR. FUENTES: I think that's great. And also,
17 could we get our staff trying to bring us a report of
18 some sort? I mean --

19 MR. GARTEN: I have some information I'll
20 forward for distribution.

21 CHAIRMAN STRICKLAND: Well, I guess we can
22 take information from all sources. As I recall, the

1 editorial or article you mentioned, I think it was
2 quantified at \$200 million overall. But you're asking
3 for some more specifics as to --

4 MR. FUENTES: Yes. I'd like to know from the
5 field.

6 MR. GARTEN: We got a response from the field.
7 Remember the question I asked about IOLTA funds? And
8 whoever it was, and I'm not sure who, said they're
9 nonexistent, or words to that effect.

10 MR. FUENTES: All right. So, you know, what
11 is being cut? Who's it hitting? How are they dealing
12 with it?

13 MR. GARTEN: I think the commission would have
14 the latest information.

15 CHAIRMAN STRICKLAND: Why don't we ask Helaine
16 to investigate whether or not we could get the current
17 chair of the ABA IOLTA commission to agree to attend
18 our next board meeting.

19 MS. SINGLETON: Who is that chair?

20 MS. BARNETT: The most recent chair I know is
21 John Asher, so I assume he's still serving until
22 August.

1 MS. SINGLETON: That's what I thought.

2 MS. BARNETT: So it would be asking John Asher
3 to come from Denver to Portland to address the board.

4 MS. SINGLETON: Or perhaps they have
5 technology in Oregon --

6 MS. BARNETT: Or he can certainly do it --

7 MS. SINGLETON: -- and in Colorado, and we
8 could use technology.

9 MS. BARNETT: I will be happy to follow up
10 with John to see what's the best way to get his input
11 into the April board meeting on this issue.

12 CHAIRMAN STRICKLAND: And also the impact on
13 our grantee programs as well.

14 MS. BARNETT: Yes. I'll be happy to do that,
15 working with both our government relations office and
16 working with NLADA.

17 MR. GARTEN: Beverly Grodine is the ABA person
18 assigned to the commission.

19 CHAIRMAN STRICKLAND: All right.

20 MS. BARNETT: There is no question, and I
21 thank you, Tom, for raising it, that while it's not
22 even throughout the country, there have been

1 precipitous drops in IOLTA, of course because of the
2 precipitous drops in interest rates. And for many of
3 our programs that have been used to having, in addition
4 to our grant, a substantial IOLTA grant, they are
5 forced to lay off staff at a time when the increased
6 demand for legal services is increasing.

7 But we can get you the specifics of some
8 examples for the next board meeting.

9 MS. SINGLETON: And I think also it's not only
10 the lowering of interest rates, but many IOLTA programs
11 drew interest on real estate escrows.

12 MS. BARNETT: And they're not having closings.

13 MS. SINGLETON: And people aren't closing on
14 real estate, so they're not putting money into escrow.

15 MS. BARNETT: Thank you, Sarah.

16 MR. GARTEN: But the big factor is the low
17 interest rates.

18 CHAIRMAN STRICKLAND: Well, Helaine, we'll
19 leave it to you as to how to present that to the board,
20 whether it should be through a committee or through a
21 special report.

22 MS. BARNETT: Thank you. We'll be happy to do

1 that.

2 CHAIRMAN STRICKLAND: Anything else, Sarah?

3 MS. SINGLETON: Nothing on behalf of the
4 provisions committee.

5 CHAIRMAN STRICKLAND: Okay. The next item,
6 then, is to consider and act on the report of the
7 finance committee. Chairman Mike McKay.

8 MR. MCKAY: Thank you, Mr. Chairman. We
9 considered and received a very helpful report from Mr.
10 Constance on the fiscal year 2009 appropriations. He
11 reported disappointment that there was no funding for
12 legal assistance in the stimulus bill that's beginning
13 to emerge, nothing for foreclosures or any other legal
14 assistance. But we'll see how that develops.

15 As we all know, we're operating under a
16 continuing resolution and have been since October 1.
17 We're looking at the 2010 budget. John reported that
18 we'll receive a policy budget from the new
19 administration in February, and a more detailed actual
20 budget in -- the anticipated date would be April.

21 The next item we addressed was the temporary
22 operating budget for fiscal year 2009. We heard from

1 Mr. Richardson and Mr. Jeffress. They reported that
2 they were able to account for now a carryover of just
3 under \$390,000, \$247,000 of which is from management
4 and grants oversight.

5 We received a very helpful memo from Mr.
6 Richardson, and he summarized it during the committee
7 meeting. And the committee then considered and
8 approved for the consideration of the entire board
9 Resolution 2009-001, which can be found at page 87 of
10 the board book.

11 That resolution accurately reflects the
12 adjustments in the temporary operating budget that were
13 recommended in the memorandum from Mr. Richardson, and
14 can be found in the attachment to the resolution,
15 distributing the \$390,000 in certain ways, as he
16 described in his memorandum.

17 Bernice asked that we receive a chart that
18 would show those changes on a line-by-line
19 presentation. And that has now been produced, and is
20 being handed out by Mr. Richardson. In many ways, a
21 lot of this information was contained in his memorandum
22 in prose format, but now we have it in a line-by-line

1 presentation.

2 M O T I O N

3 MR. MCKAY: So I do submit now to the board
4 and move for the adoption of Resolution 2009-001 at
5 page 87.

6 MR. FUENTES: Second the motion.

7 CHAIRMAN STRICKLAND: All right And I believe
8 there was an amendment to that motion offered by Mr.
9 Fuentes so that the word "Pilot" is stricken and the
10 words "Herbert S. Garten" inserted in lieu thereof. Is
11 that correct, Tom?

12 MR. FUENTES: That's correct.

13 MR. MCKAY: It is, and I apologize for not --

14 CHAIRMAN STRICKLAND: That's all right. I
15 just wanted --

16 MR. MCKAY: A horrible oversight, and I accept
17 that as a friendly amendment, a very friendly
18 amendment.

19 CHAIRMAN STRICKLAND: All right. Was there a
20 second on that, on the resolution? All right. Any
21 discussion on the resolution?

22 (No response.)

1 CHAIRMAN STRICKLAND: All those in favor,
2 please say aye.

3 (A chorus of ayes.)

4 CHAIRMAN STRICKLAND: Opposed, nay.

5 (No response.)

6 CHAIRMAN STRICKLAND: And the resolution is
7 adopted.

8 MR. MCKAY: The next item we considered was
9 our financial reports for the first three months of
10 this fiscal year. We received a very helpful
11 memorandum dated January 26th from Mr. Richardson. The
12 bottom line report from him is that we are under budget
13 and in "very good shape."

14 We also sent to the audit committee for its
15 consideration -- humbly sent to the audit committee, I
16 think as Mr. Fuentes said -- for consideration the
17 budgetary error that occurred relating to locality pay.

18 That has been thoroughly addressed by the audit
19 committee, and we've already received that report.

20 And that's the end of my report, Mr. Chairman.

21 CHAIRMAN STRICKLAND: All right. Thank you,
22 Mike. Any questions for Mike?

1 (No response.)

2 CHAIRMAN STRICKLAND: All right. The next
3 item on the agenda is to consider and act on the report
4 of the board's 2008 -- I'm sorry, the report of the
5 operations and regulations committee. Mr. Meites.

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

7 The first matter that our committee addressed
8 was a panel presentation by the chairs of five of our
9 grantees: Michael Doucette of the Virginia Legal Aid
10 Society; Robert Goodin, Bay Area Legal Aid in
11 California; Diane Kutzko, former board chair of Iowa
12 Legal Aid; Marjorie Anne McDiarmid, board chair of
13 Legal Aid of West Virginia; and Fern Schair, board
14 chair of Legal Services New York.

15 Although we had provided the board chairs with
16 a list of possible topics, the discussion actually
17 focused on the nuts and bolts of the organization of
18 the five boards. And during the course of the
19 discussion, I think that what emerged is as follows.

20 Not surprisingly, the boards had a number of
21 issues in common. For example, there were reports, I
22 think, that every board had considered term limits.

1 The interesting fact is that some had adopted them and
2 some had not. And indeed, the length of service of the
3 five people before us ranged from five years to 20
4 years, and the board chair who in fact herself had
5 served 20 years on the board and its predecessor
6 reported that her board believed that term limits would
7 not further the interests of the organization.

8 Another matter that the board chairs discussed
9 and had in common was client retention. They all
10 reported that while they had a number of long-serving
11 client board members, it was difficult to find and
12 retain clients, and they had about the same reasons:
13 transportation, time, uneasiness in the atmosphere of a
14 formal board meeting, and all five reported efforts
15 that they had made to help the client members with
16 their responsibilities.

17 Another area that all the boards had
18 encountered was procedures for training both new board
19 members and further training of existing board members.
20 Again there was some variety, but they all had
21 addressed the same kinds of issues, and in similar
22 ways.

1 Another area that we discussed with the board
2 members were selection processes for board members,
3 which varied widely, from the New York experience,
4 where essentially the stakeholders in New York Legal
5 Services essentially nominated or were asked to
6 nominate people who had been preselected, to West
7 Virginia, where they were elected in contested
8 elections.

9 I think that what we gathered from all this is
10 that while boards face common problems, they seem to
11 find unique solutions that fit their own situation.
12 And this of course confirms what we've found going
13 around the country visiting with our grantees, where
14 although they all have the same clientele, that is,
15 impoverished people, they really address the problems
16 differently and identify different problems to give
17 priority.

18 But I think that having said all that, there
19 was a common theme that the presenters had, and that is
20 that they would appreciate help from us in addressing,
21 both from us to them and amongst themselves, these
22 common recurring problems.

1 For example, one of the suggestions was there
2 be some kind of a best practices presentation, whether
3 by video or webcast or some other means, because some
4 of the ideas that -- or some of the solutions that our
5 presenters had reached to common problems apparently
6 were thought to be very good by others.

7 For example, one solution or one approach
8 towards easing client members into their
9 responsibilities was for the executive director to meet
10 the night before the board meeting or before the board
11 meeting and go over the agenda and go over the
12 materials. One of our board chairs reported that, and
13 from watching the others, they thought that was a good
14 idea.

15 But they all agreed that if we could somehow
16 spread the word, both from us to them and amongst
17 themselves, of not just what their problems are but
18 what their solutions are, they would find it very
19 helpful. I think that the committee very much believes
20 that that is an approach worth taking.

21 Another example is conflict of interest
22 policies. I think every one of the five grantees had

1 recently come up with conflict of interest policy. How
2 much better it would have been if we'd put two or three
3 on our website rather than each of them reinventing the
4 wheel.

5 The conclusion of our committee, with one
6 exception which I'll get to, is that further regulation
7 or amending our existing regulations as to board
8 composition -- board responsibilities and structures,
9 given the wide variety of responses we saw from our
10 grantees who were before us, is not the way to go. The
11 way to go is to give them -- is to help them all we can
12 in sharing ideas and sharing solutions to common
13 problems.

14 The one area where there was some interest in
15 us looking at our regulations was in the board
16 composition. We mandate that 60 percent of board
17 members be attorneys and one-third be client members.
18 Sixty plus 33-1/3 is 93 percent. That leaves 7 percent
19 for "others."

20 And there was some interest expressed in bring
21 in non-lawyer, non-client board members with expertise
22 in other areas -- finance, fundraising, and so on. So

1 at least something that our committee will think about
2 going ahead is the possibility of perhaps lowering the
3 60 percent to 50 percent or whatever so that -- I just
4 was told it was in the statute.

5 MS. SINGLETON: Sixty percent I think is in
6 the statute.

7 MR. MEITES: Well, we will investigate that.
8 That takes of that idea. Good idea gone bad. There
9 was no real interest in lowering the client
10 participation, and so we may be locked in. But we'll
11 see.

12 MS. SINGLETON: We could change the statute.

13 MR. MEITES: Okay. The conclusion was that we
14 expect and have asked management to pursue this. And
15 Helaine actually very vigorously pledged management to
16 pursue the idea of helping the boards of our client
17 members in facing and trying to solve common problems.

18 The next area that our committee considered
19 was the petition for rulemaking on financial
20 eligibility requirements in disaster areas. We had
21 asked the management to prepare a draft notice of
22 proposed rulemaking in response to the petition of our

1 grantee in Hawaii.

2 Management provided us with a draft, although
3 in their comments, both orally and in writing, they
4 opposed the adoption of any such regulation,
5 essentially on the grounds that it would further burden
6 our grantees with -- it potentially would burden our
7 grantees with even more demands on services, although
8 the proposed rulemaking allowed a grantee or executive
9 director to opt into this additional service rather
10 than imposing it.

11 In public comments, the representatives of the
12 National Legal Aid and Defenders Association said they
13 were somewhat sympathetic to a core problem, the core
14 problem being the first X hours after a disaster, a
15 short time period, when apparently the grantees report
16 they are the legal presence in the disaster area.

17 But the sense was that is a very short problem
18 that resolves itself after a few days. Nonetheless,
19 the NLADA and ABA representatives asked us to defer
20 consideration on the proposed rulemaking to our next
21 meeting, and pledged to have a firm position on the
22 proposed rulemaking at that time, which we have decided

1 to do.

2 The last item, substantive item, we considered
3 was a report by Dutch Merryman on the responsibilities
4 of the independent public accountants. We had asked
5 for this report some time ago. Dutch was good enough
6 to defer presentation until we had time. He gave an
7 excellent, thorough presentation on the history of the
8 IPAs, and more important, I thought, exactly what they
9 are expected to do and also what they're not expected
10 to do.

11 He outlined an alternative or additional duty
12 that could be undertaken, told us that although it's
13 available to the federal agencies, only one agency has
14 adopted it because of its expense, and the clear sense
15 was that the IG was not recommending that our grantees
16 be burdened with this far more -- I won't say rigorous
17 because that's not the word -- far more extensive kind
18 of audit procedure.

19 The IG then brought us up to date on its work
20 now to do a more thorough job of overseeing the IPAs,
21 and reported that by our April meeting, they believed
22 that they would be -- would have made major strides

1 towards updating their procedures.

2 Among the areas that they are looking at is a
3 more thorough review by the IG of the reports as they
4 come in, and more timely and comprehensive information
5 to the IPAs as to what the IG believes are items that
6 they should participate in.

7 As to that matter, we also heard a brief
8 statement this morning from management that it was
9 working with the -- it was aware of the IPAs' efforts,
10 it supported them, and for its part, it too was looking
11 carefully at what our grantees' management role is in
12 the IPA experience.

13 Finally, an issue that we managed not to have
14 to address was the January 20, 2009 memorandum from the
15 White House addressed to heads of executive departments
16 and agencies, which essentially calls for a moratorium
17 on the federal regulatory process.

18 Since we do -- there was some discussion
19 about, although we are not bound by this, whether it
20 would be appropriate that we follow this directive. ut
21 since we have no regulations pending, and at this time
22 the Hawaiian -- the disaster regulation has been kicked

1 over to the April meeting, we do not have to address
2 this issue. And so no action is required on the board
3 on any of the work done by our committee at this
4 meeting.

5 CHAIRMAN STRICKLAND: Okay. Any questions for
6 Tom?

7 (No response.)

8 CHAIRMAN STRICKLAND: Thank you very much,
9 Tom.

10 We'll take up the two items on the agenda
11 about the ad hoc committee, after which we'll take a
12 short break. So I call on Sarah Singleton to cover
13 those two items.

14 MS. SINGLETON: Thank you, Mr. Chairman. As
15 you know, after we received the second GAO report about
16 internal controls needed in grants management and
17 oversight, the board created the ad hoc committee. It
18 asked the ad hoc committee to look into issues dealing
19 with communications, basically, and also it asked us at
20 a later point to look at whether or not to form a
21 separate audit committee. And most recently, the ad
22 hoc committee joined with the audit committee to review

1 the risk management program.

2 We divided our work basically into two groups
3 -- sorry -- two functions initially. One was the audit
4 committee issue. We gave all of that to Herb. Herb
5 did a wonderful job at not only making a recommendation
6 about forming an audit committee, getting its charter
7 together, and the procedures, and we now have an audit
8 committee that I think speaks for itself in terms of
9 what you assigned the ad hoc committee to do in that
10 regard.

11 Jonann and I looked at the remaining issues
12 that were raised by the second GAO report, and we
13 conducted a number of in-person meetings and telephonic
14 meetings with management of LSC, with the Office of the
15 Inspector General, and the IG, and sometimes together,
16 sometimes separately.

17 One of the things we looked at was following
18 up on the nine possible misuses of grant funds that
19 were identified by the GAO. And all but two of these
20 reports, I think, have been finalized. The two reports
21 that are outstanding -- these are of the ones that were
22 referred to the OIG -- of the two reports that are

1 outstanding, I was informed this week, or I guess
2 yesterday, that one is almost done.

3 One of the reports is almost done, and the
4 other one is in the comment stage. So we should have
5 all of the IG work that's going to be done on that
6 shortly. And I don't think there is anything left for
7 the ad hoc committee to do in terms of the follow-up
8 that is left.

9 In terms of better communication and
10 coordination between OPP and OCE and among OCE, OPP,
11 and OIG, I think great strides have been made in this
12 regard. We did hold lengthy discussions on this.
13 Staff of all concerned have worked very hard to
14 identify their roles and their responsibilities to
15 indicate where information could be shared when it was
16 appropriate, and coordinating visits if appropriate.

17 Procedures manuals were updated. Significant
18 progress, I think, has been made in this area. This is
19 an ongoing type of issue. Things will have to continue
20 to be worked on. We've heard even at this meeting
21 about certain software systems that could be updated
22 that would make information-sharing even better.

1 But those are the kind of ongoing things that
2 every organization has to deal with, and the ad hoc
3 committee is of the opinion that this work can continue
4 without its oversight.

5 One of the things that GAO noted was we needed
6 to adopt a risk-based criteria for selecting grantees
7 for review. This issue was discussed by management and
8 the ad hoc committee. Management has adopted a better
9 risk-based criteria for making its visits. Again,
10 that's also an ongoing thing, but I don't believe
11 there's any ad hoc committee action that's needed.

12 GAO wanted better procedures to improve the
13 effectiveness of fiscal compliance review. OCE updated
14 its guidelines for the fiscal components of its
15 compliance reviews. It drafted written guidelines for
16 follow-up. All of its reports that were then
17 outstanding were brought up to date.

18 And during the time that all this was
19 happening, the ad hoc committee was kept informed of
20 this progress. And again, the ad hoc committee
21 believes no further committee oversight is needed.

22 The GAO recommended that we adopt board

1 policies to delineate roles and responsibilities for
2 grantee oversight and monitoring. And the committee
3 did work with OCE, OPP, and the OIG to discuss areas
4 where improvements could be made.

5 Various working groups were formed to act on
6 these needs for possible changes and the implementation
7 of those changes. This again is ongoing, but no
8 committee oversight is really needed. And the board
9 did adopt a resolution delineating roles and
10 responsibilities at its meeting last April.

11 And one other thing that came up during the
12 course of our investigation was a review of the TIG
13 program oversight. The committee met with management
14 on this. We heard from two employees who are
15 responsible for the TIG program. We learned what their
16 oversight practices were.

17 Given the staff that they have, which is
18 limited, we felt that their milestone approach to
19 oversight was a good one, that their reviewing things
20 that are web-based, on the internet, was also a good
21 step. They cannot do very many program visits because
22 they just do not have the resources, either financial

1 or human.

2 And so given those constraints, we thought
3 that the oversight was good. Without more specific
4 indications as to what might be a problem in the TIG
5 money, we didn't feel that we could go any further. So
6 we do understand, however, that the Office of the
7 Inspector General is auditing this program. But we
8 don't believe there is any need for further ad hoc
9 committee involvement in that issue.

10 And finally, the last thing that we did was to
11 look at the LSC risk management program. Again, this
12 was something that we did in conjunction with the audit
13 committee. The recommendation as to the risk
14 management program will be presented to the board at
15 this meeting. And I don't think there's any further
16 need for the ad hoc committee to be involved in that
17 review.

18 So we believe that the committee has done the
19 work that was assigned to it by the board, both
20 initially and as time went on. We suggest that now is
21 the time to sunset the ad hoc committee and to dissolve
22 it, or whatever -- yes, dissolution.

1 MR. FUENTES: Mr. Chairman?

2 CHAIRMAN STRICKLAND: Yes, sir. Mr. Fuentes.

3 M O T I O N

4 MR. FUENTES: Mr. Chairman, I would like to
5 have the privilege of moving the dissolution of the
6 committee. But I would like to move that in a motion
7 that includes a direction to our president and to our
8 general counsel to draft a comprehensive letter -- if
9 not a letter, a resolution, but I think a letter would
10 be appropriate -- for signature by the chairman to
11 express the profound appreciation to Sarah and to the
12 entire membership of the committee for all that they
13 have done for this board; and that it might enumerate
14 some of the or all of the many efforts that they have
15 made, and done so much in helping us.

16 And with that, I would move dissolution.

17 MR. MEITES: Second.

18 CHAIRMAN STRICKLAND: All right. Excellent
19 suggestion. Tom, I appreciate your doing that.

20 Any discussion on the motion?

21 MS. SINGLETON: Mr. Chairman, I would, for the
22 purpose of the record, ask that my memorandum, which

1 was handed out to you when you got here, be included in
2 the record so that there is an official record of what
3 the ad hoc committee did during its existence.

4 CHAIRMAN STRICKLAND: Would you hand a copy of
5 that to the reporter for that purpose?

6 Any further discussion on the motion?

7 (No response.)

8 CHAIRMAN STRICKLAND: All those in favor of
9 adoption, please say aye.

10 (A chorus of ayes.)

11 CHAIRMAN STRICKLAND: Those opposed, nay.

12 (No response.)

13 CHAIRMAN STRICKLAND: The motion is adopted.

14 MR. FUENTES: Mr. Chairman, I'd just like to
15 add that I can now go back to Orange County, California
16 and report that I had a hand in successfully
17 eliminating a committee in Washington.

18 (Laughter.)

19 MR. FUENTES: And that will probably get me
20 elected to the Congress, so I thank you.

21 CHAIRMAN STRICKLAND: All right. I hope that
22 works.

1 Let's take about a ten-minute break at this
2 point.

3 (Whereupon, a brief recess was taken.)

4 CHAIRMAN STRICKLAND: Okay. Let's resume our
5 board meeting. And we are at item 15 on the agenda,
6 consider and act on board -- I beg your pardon,
7 consider and act on the report of the governance and
8 performance review committee, which may also include
9 the next item, 15. But I call on Lillian BeVier for
10 that report.

11 MS. BEVIER: Thank you, Mr. Chairman. We had
12 a productive meeting. I wonder if we could close those
13 doors?

14 (Pause)

15 MS. BEVIER: The governance and performance
16 review committee had a productive meeting, particularly
17 in light of the fact that we were, for the first time,
18 engaging the process of board -- individual board
19 member and board as a whole evaluation and setting of
20 priorities.

21 Our report, our meeting, had focused on two
22 principal issues. And one was to consider and act on

1 the self-assessment documents for 2008/2009, and the
2 second issue was to talk about the transition materials
3 for the new board orientation.

4 Now, with respect to the self-assessment, what
5 the board members did first -- what the committee did
6 first was to talk in general terms about the evaluation
7 instruments. It's always a risky business to do
8 anything for the first time; you come put of the box,
9 and you might not even have an engine that runs.

10 We had some wonderful suggestions about how to
11 improve the information that we get from the individual
12 and board self-evaluations, the individual ones being
13 designed to enable board members to look at their own
14 performance and ask for assistance and training where
15 it's needed.

16 One of the first things that members of the
17 committee noticed was the tension that many of us feel
18 between the public's right to know, the importance of
19 public information about what it is that this board is
20 doing and what's going on here, on the one hand, and
21 the potential for self-censorship and the imperatives
22 of candid decision-making and good governance on the

1 other hand. And we think that those two desiderata, if
2 you will, or those two realities, are both in play, and
3 resolving them is not always easy.

4 Nevertheless, having noted that, we talked a
5 bit about the evaluation forms, and members of the
6 committee expressed a couple of things that I will take
7 note of. I'm simply going to report some of the
8 suggestions that were made.

9 The basic idea has to do with the fact that
10 the individual self-evaluations serve a different
11 purpose from the purpose that is to be served by the
12 board evaluations. They are designed to inform
13 training and briefing in the future. They really are
14 designed to help individual board members identify and
15 to focus on what exactly their job is and what it is
16 that the board is trying to do with respect to
17 particular kinds of issues and particular kinds of
18 tasks.

19 And the questions -- the suggestion was made
20 that the questions should be specific and should be
21 focused on that way of thinking about the purpose of
22 the self-evaluation. And so I think that that

1 discussion of what it is those individual
2 self-evaluations are for, what their purpose is, was
3 helpful going forward, and I think the staff will
4 attempt for the next round of individual
5 self-assessments to prepare a slightly different
6 instrument with a slightly different focus.

7 It was also suggested that these evaluation
8 forms contain a preface before the questions of, do you
9 think this about yourself? Do you think that about
10 yourself? That the preface to inform people, to remind
11 people what the point of these evaluations is, what
12 kind of information we're eliciting, and why we are
13 trying to elicit the information, just to locate them
14 and to give them a context when they sit down to fill
15 the forms out.

16 So that's the individual self-assessments. We
17 found that we -- just to generalize the results of it
18 this time, we felt pretty consistently satisfied with
19 our own individual -- two things: our own individual
20 knowledge, interest in, and general level of
21 participation in the board; we also felt generally --
22 reported, anyway -- that we felt as though we were

1 getting, for the most part, our requests to management
2 for information or training or answers to any questions
3 were being answered pretty promptly. So I think the
4 individual self-assessments showed that.

5 The real meat of -- I think, in my view --
6 what we did today was to make a decision about what
7 this board is going to do next. And that has to do
8 with the board self-evaluation. We looked at the
9 results of the board of directors self-evaluation,
10 where we all gave a numerical score to 14 different
11 categories of tasks that the board has.

12 And what we discovered was that with respect
13 to a couple of these tasks, we feel as though -- we
14 unanimously feel as though we are scoring a perfect 5.
15 We do provide input on the budget requests to
16 Congress, and we do adhere to standards of ethics and
17 conduct. And in addition, we annually evaluate the
18 president of the Corporation.

19 There were a couple of these tasks that we
20 felt that we were not doing quite so well on: that we
21 had a full and common understanding of the roles and
22 responsibilities of the board, for example; that the

1 board meetings facilitate focus and progress on
2 important organizational matters; and that we possess
3 the skills and knowledge to carry out our duties.

4 The good news about those sort of lower scores
5 of 4.3 average out of a total of -- out of 5, the good
6 news about that is that that's what we're doing today,
7 is basically trying to get a fix on what we should be
8 thinking about, at least in the year ahead. So our low
9 scores there were translated into sort of an agenda, a
10 set of agenda items, for the future.

11 Basically, we feel quite good as a board about
12 the extent to which we are accomplishing these other
13 tasks: that we understand the mission and procedures;
14 that the structural pattern of our organization is
15 clear; that we receive regular and timely reports on
16 finances, budget, program performance, grantee issues,
17 and other important areas; that we effectively
18 represent LSC to the community in general; that we
19 monitor and evaluate our progress toward strategic
20 goals -- we have the strategic plan and we do look at
21 it; and that we evaluate the inspector general; and
22 that each of our members is involved and interested in

1 the board's work.

2 So going forward, what our task is, I think,
3 and what we decided to -- what the committee decided to
4 recommend to the board was a focus in the year ahead on
5 four goals in particular, the first being smooth
6 transition for board and president; the second being
7 the shepherding, allocating, and increasing of
8 resources, which can be thought to be perhaps really
9 three different goals -- they are different sort of
10 tasks; the third being compliance and oversight; and
11 the fourth being engagement with Congress.

12 Now, with respect to the first goal -- and
13 what I'd like to do is invite John to come up and we'll
14 see how this works. This is very much a work in
15 progress, our attention to how we think about these
16 goals. But with respect to the smooth transition for
17 board and president, obviously that's two different
18 issues as well, the board transition and the president
19 transition.

20 As you know, Helaine Barnett has agreed to
21 continue to serve as president through 2009. With
22 respect to the transition of the president, after 2009

1 my suggestion to the board is that we not talk about
2 that or not take that up at this meeting, that we
3 postpone it at least until April, when we will have,
4 hopefully, a better fix on what that situation is, and
5 we can identify what the issues are with respect to
6 going forward.

7 Should we appoint a search committee? Should
8 we let the new board appoint it? What's the timing?
9 And so on and so forth. They're issues that we don't
10 -- we can get more information on before we resolve
11 them. So I'm not going to really entertain discussion
12 about that. I think we ought to talk about -- at this
13 time. I think we should talk about the smooth
14 transition for the board.

15 And it sort of goes out of order with respect
16 to this as a committee report. But I think what we
17 ought to do, in talking about the smooth transition, is
18 to now discuss as a board the report that we got from
19 Vic and John Constance about how to proceed with the
20 transition.

21 Now, what you will remember, if you were at
22 the committee meeting, and if you were not, what I'd

1 like to report to the board is that Vic and John
2 presented us with a very complete listing of the kinds
3 of documents that new members of the board -- that the
4 incoming board is going to be provided with in terms of
5 written materials.

6 That is a very complete list. It seems to
7 cover just about every aspect of the board's legal
8 responsibilities and legal work. They will be required
9 to assimilate a good bit of formal and sort of
10 technical information.

11 From the point of view of this board, our
12 reaction to those suggestions was to offer some
13 additional ways of thinking about how to go about the
14 transition, how to go about what this board can
15 contribute to the next board, what we would like to
16 offer them, we'd like to make sure that they have
17 available to them; and just the kinds of issues that we
18 want to make sure that we can be as helpful to them as
19 we possibly can be -- issues such as, for example, the
20 kinds of things that we were not -- that aren't
21 completely included in the written materials but that
22 are perhaps implicit in them, but one can't know that

1 they're implicit in them until they actually have been
2 told something about what is going to be happening.

3 And we got from Tom Meites a nice list of
4 those things:

5 The budget cycle and the process, just how
6 that works, and what's the timing, and when should our
7 input be given, and things of that nature.

8 The regulations that we presently operate
9 under, not only do they need to have them, but they
10 need to have some background given by people who have
11 tried to work with them and the process for changing
12 them. So that's something we want to make sure that
13 they have, and that they understand the regulatory
14 regime in which we find ourselves.

15 We need to explain to them relationships
16 between the various offices, in particular, the OCC and
17 the OPP.

18 We need to make sure as individuals that there
19 is a familiarity -- or an awareness by them of
20 congressional oversight, and what that implies and what
21 it entails for this board, both in terms of the formal
22 requirements that that imposes on the board as well as,

1 and perhaps as importantly, our actual history with
2 congressional oversight and the kinds of issues that
3 that can raise for people who are new to Washington and
4 who have an expectation of perhaps a different
5 reception from the people whom they might be trying to
6 serve.

7 We need to talk to them about what the OIG
8 does, and explain to them, so from our experience make
9 sure they hear, if that's possible, what the OIG does.

10 The Sunshine Act and FOIA, how they are going
11 to impact their relationships, the conduct or meetings,
12 and the confidentiality or lack thereof of information
13 that they share.

14 And then, finally, how we deal with
15 expenditures.

16 So those are issues that Tom identified as
17 being the kind of thing that we want to make sure that
18 somehow or other, the incoming board is made aware of.

19 And so it's a combination of the written materials and
20 conversations.

21 Other ideas that we had were perhaps trying to
22 establish a mentoring relationship or -- with an

1 incumbent board member; I'm sorry, it's just so easy --
2 "old" slips out of my mouth or off my tongue -- an
3 incumbent board member and a new board member so that
4 there can be some particular assignment of, you know, a
5 relationship established so that information can be
6 passed in a way that people can sometimes hear it
7 better.

8 And another suggestion was committee chair to
9 committee chair, that either before confirmation or
10 after confirmation, those conversations be -- that we
11 make sure that those conversations take place.

12 A lot of interest was expressed in having some
13 sort of informal board -- incumbent board/incoming
14 board retreat, at which the incoming board is at least
15 offered the opportunity to have input and discussions
16 with and informal conversations with members of the
17 incumbent board, just as we are leaving to -- we need
18 to offer to them what we can by way of personal sharing
19 of experiences without suggesting to them that they
20 should be necessarily doing what we did.

21 I mean, they will be the board and they are
22 going to be the ones that have to make the decisions.

1 But to the extent that we can prepare for them and
2 share ideas with them, I think we seem to be having a
3 consensus around the idea that we would like to do
4 that, and we would like to have a facilitator and -- to
5 make sure that what happens at that sort of event is a
6 frank and candid conversation that does not impinge in
7 any possible way to be -- to conduct our business in
8 the open.

9 So am I -- I hope, Mike, that I'm
10 characterizing your suggestion in an accurate way. I
11 think that's what I heard you saying.

12 MR. McKAY: Yes. Thank you.

13 MS. BeVIER: Now, that's kind of where the
14 committee was. And since, to be honest, most of you
15 were at the committee meeting, it's really, I think, a
16 question for the board to first of all adopt this
17 smooth transition as a priority.

18 My own view about these goals and priorities,
19 and I think I'm inclined to make it as a suggestion to
20 the board to see how it appeals to you, to perhaps talk
21 some more about these transition tasks and how we ought
22 to organize it; to establish that as a goal, and get a

1 fix on it at the board level now with some discussion.

2 And then with respect to the next three,
3 resources, compliance and oversight, and engagement
4 with Congress, to talk about them a little bit and to
5 -- but not to try to formalize them or to get as
6 concrete as I think we're trying to get with the
7 transition aspect.

8 Transition, in my view, is the principal thing
9 that we can do. We are sort of in limbo, after all,
10 and that in my view is our responsibility now to the
11 new board in order to keep -- not only to make the ship
12 as stable as we can when they take over, but to help
13 them, as much as we can, hit the ground running.

14 So I would recommend that we sort of adopt
15 these ideas, and direct the staff to bring us back a
16 kind of more -- some more concrete ways of implementing
17 these ideas at the next meeting; and then, similarly,
18 having done that, that we talk about shepherding,
19 allocating, and increasing the resources, compliance
20 and oversight, engagement with Congress, and any ideas
21 that particular members of the board have with respect
22 to what we have in mind about how we go about achieving

1 any one of those goals.

2 Sarah, did you -- your light is on.

3 MS. SINGLETON: I think Tom was --

4 MS. BeVIER: Oh, Tom?

5 MR. FUENTES: I think Sarah's ready to go.

6 MS. SINGLETON: I agree with you that the
7 first order of business should be transition. However,
8 because we're so in limbo, I think we ought to have at
9 least one other goal that we are working on that is
10 more of an ongoing nature because we still have
11 responsibilities to the program besides transitioning
12 to our successors.

13 MS. BeVIER: Sure. Of course we do.

14 MS. SINGLETON: And so I would suggest that we
15 take one of the three others that seems as though we
16 could most fruitfully work on it in the short term and
17 have that have the same sort of -- or next to the same
18 type of priority as transition.

19 MS. BeVIER: That's a good idea. Are there
20 other comments on that? Tom?

21 MR. FUENTES: I think that's a fine
22 suggestion. In light of the hour and in light of the

1 fact that virtually all of us were at the committee
2 meeting, I think we have talked about this a great deal
3 and I think we have accomplished some consensus because
4 a lot of people voiced their opinion during the
5 committee meeting.

6 I think that we ought to, say, temporarily
7 adopt this as the working report of the committee and
8 agendize it for the next meeting and take it up then.
9 I think we will be benefitted at that point in time by
10 some progress in our knowledge as to what the timing
11 might be with the appointments. And that will spur us
12 along as well.

13 So I think we've done what we can do at this
14 meeting, and we ought to, next time we meet, have it on
15 the agenda of the committee.

16 MS. BeVIER: We ought to declare victory and
17 go home?

18 MR. FUENTES: Well, we've got to go home.
19 (Laughter.)

20 MS. BeVIER: My own view -- I share that view.
21 I mean, I think that we did a good job when it was
22 just the committee, but the whole board happened to be

1 there.

2 The way the votes came out -- not votes, but
3 in terms of these things that were mentioned in the
4 evaluations, resources looks like it has 7. The fact
5 is that some people mentioned allocating, some people
6 mentioned increasing, and some people mentioned
7 shepherding, so we have issues there.

8 I would suggest that we take compliance and
9 oversight and have that be one that we think about.
10 But I have another suggestion, and that is that if
11 these broad categories seem right to all of you -- they
12 are very broad; we haven't elaborated on the other
13 three at all -- that we ask staff to kind of fill in
14 the blanks with what that might mean to have a priority
15 of thinking about compliance with, you know, the
16 committee assignments, and the nature of the board
17 involvement, and how you achieve a priority, so that --
18 and the same with resources and engagement with
19 Congress, the ideas that they might have that we might
20 think about achieving these as priorities.

21 So that would give us something to go forward
22 with. Today is pretty general, but maybe as focused as

1 we can get it. Herb?

2 MR. GARTEN: Yes. I think we have to take
3 into consideration the possibility, as happened last
4 time, that you're not going to have a complete board
5 join us at one time. It's going to be done
6 individually. And in that event, something like a
7 retreat would not be in order because we would want to
8 wait till we really had a full board.

9 So we ought to have some options along those
10 lines. With individual board members joining us, how
11 do we handle them?

12 MS. BeVIER: Right. A contingency plan for a
13 non -- for a staggered replacement board. I agree with
14 that, by the way. I think it's a really good idea, a
15 really good comment.

16 Sarah?

17 MS. SINGLETON: I actually wanted to comment
18 on your comment prior to Herb's. I think that your
19 idea that we should take compliance and move it up to
20 the second position is a good one, that we ought to --
21 and this was John's suggestion -- flush (sic) it out by
22 also looking at program board governance a little bit

1 more, and what can we do in that area to be more
2 helpful to our programs as something we ought to look
3 at. It would be a good thing for us to deal with.

4 To me, the resource issue is going to depend
5 in large part on the approach taken by the new
6 administration. We heard today a suggestion that there
7 ought to be one uniform application for grants from the
8 whole federal government. We don't know how much money
9 they're going to be requesting in their budget mark.
10 That, to me again, we would still be in limbo. We
11 ought to leave that.

12 And frankly, I think we also should leave the
13 congressional enhancement. We have a new Congress.
14 The new board may relate better to that Congress than
15 this board could.

16 MS. BeVIER: Yes.

17 MS. SINGLETON: I also would defer on that.
18 So I would go with what you suggested, move compliance
19 up, ask staff to flush that out, and put the other two
20 on the back burner.

21 MS. BeVIER: Surely you mean flesh.

22 MS. SINGLETON: Yes. What did I say? Flush?

1 Yes. Flesh. That's what I mean.

2 MS. BeVIER: I just want you to know I'm
3 listening to you.

4 MS. SINGLETON: He gave me a piece of candy.
5 I'm mush in my mouth.

6 MS. BeVIER: I certainly think it makes sense
7 to have compliance and oversight second, that I agree
8 with you with respect to the resources.

9 I'll tell you what, I still think it might
10 work if we ask staff to give us a little bit more
11 concrete ways of setting an agenda for engagement with
12 Congress -- not that we have to do it, but we do have
13 some opportunities as well as some challenges with the
14 new Congress.

15 And I think we ought to do the best we can to
16 management that in the most propitious way so that --
17 again, that's not going to hurt the new board, we hope.

18 I suppose we could, but we'll try not to.

19 MS. SINGLETON: If we send someone over who
20 gives them the raspberry, it's not going to be too
21 helpful. Tom?

22 (Laughter.)

1 MS. BeVIER: Which Tom?

2 MR. MEITES: I am stunned. You know, when
3 Henry Clay was in the Senate, he almost killed someone
4 with a cane because he'd been insulted by his
5 colleague. Of course, times change.

6 MS. SINGLETON: He's going to kill me with his
7 Palm Pilot.

8 (Laughter.)

9 MS. BeVIER: That's right. Was it your
10 suggestion, Sarah, that we flesh out compliance at this
11 time?

12 MS. SINGLETON: Yes.

13 MS. BeVIER: Right now?

14 MS. SINGLETON: Oh, no. Yes, my suggestion
15 was we ask staff to come back with that one with more
16 ideas, and that we just let the other two simmer. I
17 was cutting down on the workload for staff. I wasn't
18 really doing it for us.

19 MS. BeVIER: Yes. I understand that and
20 appreciate that, and I'm sure they do, too. Well, how
21 does that sound to the rest of the board? Would you be
22 satisfied to just proceed with the possibility for the

1 moment of having two priorities for the next three
2 months, anyway?

3 And then we can continue to think about this
4 next -- you know, we've all got our fingers crossed
5 that we'll have a little more information. We'll know
6 more of what the lay of the land is going to be in the
7 next six months by next April. And so we will be in a
8 better position, we hope, to set -- to give ourselves
9 more work and other focus.

10 Herb?

11 MR. GARTEN: Can we have staff start thinking
12 about this video presentation for both the new board
13 and also for the organizations that seem to want it,
14 the business of the various recipients? Dealing with
15 regulations.

16 MS. BeVIER: Right. I mean, yes, that sounds
17 like a good idea to me. I think that's -- that was an
18 idea that came up yesterday in connection with the ops
19 and regs committee. And I have assumed that that was
20 going to be undertaken by the staff already.

21 And I guess maybe the way we could phrase it
22 to the staff is -- and us, too. I mean, we think it's

1 a good idea, so we would encourage you to take that as
2 something that the board seems to be interested in
3 certainly providing to the grantees, and maybe it would
4 be a good thing for the incoming board as well.

5 All right. I guess I'd like a motion on the
6 part of the board to set as priorities the smooth
7 transition for the board and compliance and oversight
8 for the next three months at least, and to revisit this
9 in April.

10 M O T I O N

11 MR. MCKAY: So move.

12 MR. FUENTES: Second.

13 MS. BeVIER: All those in favor?

14 (A chorus of ayes.)

15 MS. BeVIER: All opposed?

16 (No response.)

17 MS. BeVIER: Thank you very much. That
18 concludes our report, Mr. Chairman.

19 CHAIRMAN STRICKLAND: Thank you very much.

20 Our next item is No. 16, consider and act on
21 the draft risk management program for LSC. I think
22 that, as I understand it, now, Sarah and Herb, both of

1 you have --

2 MR. GARTEN: Approved it, and the audit
3 committee has approved it.

4 MS. SINGLETON: We blessed it.

5 CHAIRMAN STRICKLAND: Okay. So --

6 MS. SINGLETON: And Jonann.

7 CHAIRMAN STRICKLAND: All right. So do we
8 need Charles to come forward, just as a matter of
9 formality, to present that?

10 MS. SINGLETON: I think Charles wants to go
11 through it line by line.

12 MS. BeVIER: Just to answer any questions.

13 CHAIRMAN STRICKLAND: Okay. Just to answer
14 any questions that board members might have, on the
15 theory that they might not have any. Go ahead.

16 MR. JEFFRESS: Thank you, Mr. Chairman. The
17 risk management -- draft risk management program is
18 found in your board book, and it is on page 109.

19 And let me say at the outset, as you
20 indicated, the audit committee and the ad hoc
21 committee, a combined force of four people, spent two
22 hours plus on a conference call/webinar going over this

1 draft risk management program line by line, making
2 observations, making modifications, making corrections
3 and suggestions. So what you see before you comes with
4 the endorsement of that group of four.

5 As you will recall from our past conversations
6 about this, the development of a risk management
7 program was recommended by GAO. It is considered a
8 best practice for corporate boards. And the board
9 asked us to engage in this process, and we have been
10 engaged in it.

11 You got a draft of this prior to your last
12 meeting. Some folks sent in comments that were
13 considered by the ad hoc and audit committee combined,
14 and those comments have been incorporated.

15 As a quick overview of it -- and what I intend
16 to do is just give you a quick overview of this and not
17 go through it line by line unless some members prefer
18 that or have questions about particular lines.

19 We have, obviously, the introduction stating
20 what we consider a risk management program to be. And
21 in terms of what we define it as, we define it as a
22 process for planning, organizing, directing, and

1 controlling the assets and activities of the
2 organization so that we can accomplish our mission by
3 safeguarding against threats that could harm, and thus
4 adversely affect, our critical operations and assets.

5 And that definition comes from combined words
6 from various sources, including the COSO materials that
7 the OIG referred to earlier, the Center for Nonprofit
8 Risk Management, the GAO. We used a number of
9 different sources to come up with this approach to risk
10 management.

11 Obviously, our goal is to minimize the risks.

12 And in terms of developing this RMP, this risk
13 management program, we had a collaborative effort that
14 involved staff, that involved the board, that involved
15 outside consultants' review, and that involved the
16 executive team, and the audit committee finally coming
17 to you with this overall program.

18 The program itself, beginning on page 4,
19 identifies the resources that LSC seeks to protect.
20 They are the grey headings at the top of the pages, our
21 people resources, our funding and assets, and our
22 grantees. It lists the risks to each of these

1 resources. And again, these are high level risks.

2 Following the board adoption of this overall
3 risk management program for the Corporation, each
4 office -- which each office has already started
5 developing a draft -- will have an appendix to this
6 report that, for their particular office, will take
7 these higher level risks and define them, but more
8 particular risks, more particular tasks, to avoid the
9 risks that that particular office will carry out.

10 So we have the risks identified. We have the
11 probability in terms of how likely is it that this
12 event will occur. We have the severity; should the
13 event occur, how severe would it be? And the
14 probability and severity are both ranked as low,
15 medium, or high. And for strategies, we identify those
16 strategies that we will use to minimize the risks.

17 In the book, you'll see two additional columns
18 in terms of who is responsible and date for next
19 review. Once the board has adopted this program, we
20 will then assign appropriate staff, or in some cases
21 it'll be the board's responsibility, to pursue the
22 strategy, carry out the strategy to minimize this risk.

1 And we will insert appropriate dates. Some things
2 will need to be reviewed more often and other things
3 might be an annual review. But we will fill in those
4 two columns once the board has adopted the program.

5 And then the final page, page 119 of this,
6 responsibilities for risk management, lays out
7 specifically what it is the board of directors is
8 expected to do in terms of oversight and implementation
9 of this program, the president's responsibility and the
10 responsibilities of each of your officers and your
11 office directors here within the Corporation in terms
12 of carrying out the program.

13 I will say this program is designed to work in
14 harmony with our Strategic Directions so that the risks
15 and strategies that you see defined in these pages are
16 compatible with the goals and objectives that you set
17 out in Strategic Directions. We'll use that really as
18 a base to identify, if these are our goals and
19 objectives, what are our risks to achieving these
20 goals?

21 So these two documents together, your risk
22 management program and your Strategic Directions, work

1 hand in hand to lead the organization to where we're
2 going.

3 CHAIRMAN STRICKLAND: All right. Questions
4 for Charles? Yes?

5 M O T I O N

6 MR. FUENTES: Mr. Chairman, move the adoption
7 of the risk management program, and commend the staff
8 and working committee for their efforts.

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

11 MR. MCKAY: Second.

12 CHAIRMAN STRICKLAND: Further discussion on
13 the motion? Lillian?

14 MS. BeVIER: I'm sorry. I just have one
15 question, and I'm sure it will just seem -- whatever.

16 In terms of the severity of the risks, the
17 only ones that -- the only one that I thought was worth
18 asking a question about was poor quality legal
19 services, and that is ranked as a low risk and medium
20 severity.

21 I thought we were all about not low quality.
22 So I'm not sure -- you know, maybe -- I don't really

1 know. It seems to me that if our grantees provide low
2 quality legal services, that's a pretty big program.

3 MR. JEFFRESS: I would agree, and I think that
4 the staff and the rest of the board no doubt would
5 agree. In defining these, both the probability and
6 severity, we struggled with obviously, if there's low
7 quality overall, then that's a major problem. On the
8 other hand, when we go out and do compliance checks, we
9 will find occasional instances of low quality or
10 occasional cases where something happened that
11 shouldn't have happened.

12 If it's only a few cases, the severity is not
13 very large. But obviously, it has the potential to be
14 huge. But I think our confidence in the services being
15 delivered by the grantees, the reviews that are being
16 done by OIG, by OCE, by the IPAs, at this point have
17 not identified that it's likely that there are low
18 quality services out there. In fact, we think they're
19 high.

20 MS. BeVIER: Well, that's true. but that
21 makes it a low probability risk. It doesn't make it
22 less severe if it happens.

1 MR. JEFFRESS: That's right. And the
2 severity, again, it depends on the kinds of cases and
3 how --

4 MS. BeVIER: Sure. Right. I understand. So
5 if the -- right.

6 MR. JEFFRESS: I wish there were an easier way
7 to do this.

8 MS. BeVIER: No, no. It's fine. I
9 understand. I just wanted to ask my question, that's
10 all.

11 CHAIRMAN STRICKLAND: Any further discussion
12 on the motion?

13 MR. GARTEN: Consideration was given to a
14 numerical rating, and we concluded not to do that.

15 MS. BeVIER: Good. Thank you.

16 CHAIRMAN STRICKLAND: All right. Ready for a
17 vote? All those in favor of the motion to adopt the
18 risk management plan as presented, please say aye.

19 (A chorus of ayes.)

20 CHAIRMAN STRICKLAND: Opposed, nay.

21 (No response.)

22 CHAIRMAN STRICKLAND: The ayes have it and the

1 motion is adopted.

2 Anything further on that item?

3 MR. FUENTES: We don't want to name it for
4 somebody, do we?

5 (Laughter.)

6 CHAIRMAN STRICKLAND: We do need at this point
7 to take up a resolution to dissolve the ad hoc
8 committee. Sarah, would you present that resolution?

9 M O T I O N

10 MS. SINGLETON: Yes. I'm advised by counsel
11 that it would be a better practice and easier to track
12 if we were to adopt Resolution 2009-002, which
13 dissolves the ad hoc committee. And therefore, I would
14 request the board adopt that resolution.

15 CHAIRMAN STRICKLAND: It is in your book at
16 page 108 if you want to see it.

17 Any discussion -- is there a second to that
18 motion?

19 MR. FUENTES: Second.

20 CHAIRMAN STRICKLAND: Any discussion?

21 MR. MCKAY: Can we name this after Tom
22 Fuentes?

1 (Laughter.)

2 CHAIRMAN STRICKLAND: Those in favor of the
3 motion, please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN STRICKLAND: Those opposed, nay.

6 (No response.)

7 CHAIRMAN STRICKLAND: The ayes have it and the
8 resolution to dissolve the ad hoc committee is adopted.

9 The next item is No. 17 and 18, consider and
10 act on nominations for the chairman of the board of
11 directors and vice chairman of the board of directors.

12 Is there a motion?

13 M O T I O N

14 MR. MCKAY: Mr. Chairman, I would like to move
15 the nomination of Frank Strickland as chairman and
16 Lillian Bevier as vice chairman. We're grateful for
17 their good work these past six years, and look forward
18 to working with them until we all ride off into the
19 sunset.

20 MR. FUENTES: Second the motion.

21 CHAIRMAN STRICKLAND: Mr. Fuentes has seconded
22 that motion. Is there any discussion of the motion?

1 (No response.)

2 CHAIRMAN STRICKLAND: All right. All those in
3 favor of the motion, please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN STRICKLAND: Opposed, nay.

6 (No response.)

7 CHAIRMAN STRICKLAND: And the ayes have it.

8 I'm sure I speak for Lillian in thanking all members of
9 the board for their confidence. And as I've said on
10 previous occasions, but for the nomination to this
11 board, I would not know any of the people seated at
12 this table, and probably not anybody in the room.

13 So it's been a great privilege and pleasure to
14 get to know all of you and to work with you. And I
15 consider all of you my friends and colleagues and look
16 forward to working with you for the remainder of our
17 tenure on this board.

18 Lillian, do you care to make a comment?

19 MS. BeVIER: Same here.

20 MR. FUENTES: Well said.

21 CHAIRMAN STRICKLAND: All right. We do need
22 to take up No. 19, consider and act on delegation of

1 authority to the chairman to make committee
2 assignments. This is something we have adopted
3 annually.

4 M O T I O N

5 MR. FUENTES: Move approval of the recommended
6 action.

7 MR. McKAY: Second.

8 CHAIRMAN STRICKLAND: All right. Any
9 discussion?

10 (No response.)

11 CHAIRMAN STRICKLAND: Hearing none, let's take
12 a vote. All those in favor, please say aye.

13 (A chorus of ayes.)

14 CHAIRMAN STRICKLAND: Those opposed, nay.

15 (No response.)

16 CHAIRMAN STRICKLAND: The ayes have it. That
17 item is adopted.

18 No. 20, is there any public comment?

19 (No response.)

20 CHAIRMAN STRICKLAND: We now have to consider
21 and act on whether to authorize an executive session of
22 the board to address items listed under the closed

1 session agenda. Is there such a motion?

2 M O T I O N

3 MR. FUENTES: So move.

4 MR. McKAY: Second.

5 CHAIRMAN STRICKLAND: Any discussion?

6 (No response.)

7 CHAIRMAN STRICKLAND: Hearing none, all those
8 in favor say aye.

9 (A chorus of ayes.)

10 CHAIRMAN STRICKLAND: Opposed, nay.

11 (No response.)

12 CHAIRMAN STRICKLAND: The ayes have it and
13 we're now in closed session.

14 (Whereupon, at 4:23 p.m., the open meeting of
15 the board of directors was adjourned to executive
16 session.)

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