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LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

BOARD MEETING

Monday, December 18, 2006
2:12 p.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C.

BOARD MEMBERS PRESENT:

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

1 STAFF AND PUBLIC PRESENT:

2 Patricia Batie, Manager of Board Operations

Lynn Bulan, Senior Assistant General Counsel

Mattie Cohan, Senior Assistant General Counsel

3 Karena Dees, Staff Attorney, Office of Inspector General

Karen Dozier, Executive Assistant to President

4 Victor M. Fortuno, Vice President for Legal Affairs, General

5 Counsel & Corporate Secretary

6 Charles N. Jeffress, LSC Chief Administrative Officer

David L. Richardson, Treasurer and Controller

Karen Sarjeant, LSC Vice President of Programs and

7 Compliance

8 Laurie Tarantowicz, OIG Counsel

9 Demille James, Legal Assistant

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C O N T E N T S

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

2 CHAIRMAN STRICKLAND: Let me call to order the
3 meeting of the board of directors of the Legal Services
4 Corporation for December 18, 2006, pursuant to notice
5 published in the Federal Register.

6 The agenda was circulated. I trust that
7 everyone got the agenda. But before we do that, let's
8 make sure the reporter has noted everyone who is
9 present.

10 Let me just call the roll here in the order
11 that I took it down as people came into the call.

12 Lillian BeVier?

13 MS. BeVIER: Here.

14 CHAIRMAN STRICKLAND: Jonann Chiles?

15 MS. CHILES: Here.

16 CHAIRMAN STRICKLAND: Sarah Singleton?

17 MS. SINGLETON: Here.

18 CHAIRMAN STRICKLAND: Mike McKay?

19 MR. MCKAY: Present.

20 CHAIRMAN STRICKLAND: David Hall?

21 MR. HALL: Here.

22 CHAIRMAN STRICKLAND: Fuentes?

1 MR. FUENTES: Here.

2 CHAIRMAN STRICKLAND: Bernice Phillips?

3 MS. PHILLIPS: Here.

4 CHAIRMAN STRICKLAND: Herb Garten?

5 MR. GARTEN: Here.

6 CHAIRMAN STRICKLAND: Tom Meites?

7 MR. MEITES: Here.

8 CHAIRMAN STRICKLAND: And I'll ask if the
9 reporter has already noted those who are in attendance
10 there in the conference room, we won't go through those
11 names. Could someone confirm that he has in fact noted
12 for the record all those who are in attendance?

13 THE REPORTER: Yes, Mr. Chairman, everybody is
14 accounted for.

15 MS. BARNETT: And David Richardson has just
16 joined the conference room.

17 CHAIRMAN STRICKLAND: All right. And is it
18 correct that the reporter has noted all those who are
19 present in the conference room?

20 THE REPORTER: Yes, Mr. Chairman.

21 CHAIRMAN STRICKLAND: All right. Thank you
22 very much.

1 Okay. The first item then is to approve the
2 agenda. I would entertain a motion to approve the
3 agenda.

4 MS. PHILLIPS: This is Bernice Phillips.

5 CHAIRMAN STRICKLAND: Yes.

6 MS. PHILLIPS: Before we approve the agenda it
7 makes sense to me that we should have two items to vote
8 on because we only have the one to delegate the
9 authority to the president of the board. We should
10 also have one to renew the contract before we delegate
11 that authority.

12 I mean I don't know if we can amend the agenda
13 or not, but it seems logic to me.

14 CHAIRMAN STRICKLAND: Well, I'll ask
15 the -- the first order of business however is to
16 approve the agenda. We have to have something to amend
17 if we're going to amend it. So, I would entertain a
18 motion to approve the agenda.

19 M O T I O N

20 MR. GARTEN: I make it, Herb Garten.

21 CHAIRMAN STRICKLAND: Is there a second?

22 MS. BeVIER: Second, Lillian BeVier.

1 CHAIRMAN STRICKLAND: All right. Any
2 discussion?

3 (No response.)

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

6 (Chorus of ayes.)

7 CHAIRMAN STRICKLAND: Opposed?

8 (No response.)

9 CHAIRMAN STRICKLAND: All right. You
10 heard -- Vic, I'll ask for some advice from you. I
11 understand Bernice's inquiry. Are we able to do that?

12 MR. FORTUNO: I think it's implicit in the
13 agenda item, but I think it makes sense to go ahead and
14 vote on it separately. I think since it's all subsumed
15 within the one item, I think breaking it out is
16 permissible.

17 CHAIRMAN STRICKLAND: Okay. Let's take the
18 first item that's already printed on Agenda Item 2,
19 Consider and act on delegation to the chairman of the
20 board authority to negotiate a two-year extension of
21 Helaine M. Barnett's term of employment as president of
22 the Legal Services Corporation. I would entertain a

1 motion on that item.

2 MS. PHILLIPS: Can we, can we do that first?
3 Or should -- I don't know. Can we do that first? Can
4 we vote to delegate first then approve the contract?

5 CHAIRMAN STRICKLAND: Well, you heard what our
6 general counsel told us. He thought that the concept
7 of renewal is contained in this particular item as it's
8 written.

9 MR. FORTUNO: And I think for that -- this is
10 Vic -- I think for that reason it's permissible to
11 break it into two steps. The first step being voting
12 on the contract and then the second step being the
13 delegation to negotiate.

14 CHAIRMAN STRICKLAND: Okay.

15 MR. FORTUNO: So I think that's permissible.
16 And that would be the order in which if you do break it
17 up I think you'd want to break it up.

18 CHAIRMAN STRICKLAND: All right. Well, then
19 let's -- I would entertain in a motion --

20 MR. GARTEN: Herb Garten here. Point of
21 information. Couldn't you amend the original
22 resolution to just clarify that second rather than to

1 have two resolutions out there?

2 CHAIRMAN STRICKLAND: I think we could.

3 Why don't you take a stab at amending the item
4 on the agenda?

5 MR. GARTEN: Well, the only thing
6 lacking -- I'd rather Vic take the stab. He knows what
7 I mean.

8 CHAIRMAN STRICKLAND: All right. Go ahead,
9 Vic.

10 MR. FORTUNO: I don't know that there's a
11 resolution. I think that there's an agenda item. Is
12 there a resolution that's been circulated?

13 CHAIRMAN STRICKLAND: No. No. It's just the
14 agenda item.

15 MR. GARTEN: Why don't you say including the
16 delegation of president. Execute the agreement.

17 MR. FORTUNO: I guess you could reformulate it
18 so that it would be consider and act on whether or not
19 to renew the contract and, if so, to authorize the
20 chairman to negotiate it.

21 MR. GARTEN: Execute the agreement?

22 MR. FORTUNO: Yes. To negotiate it and

1 execute it.

2 MS. PHILLIPS: I'm lost. Are we first voting
3 on to renew the contract and then to delegate the
4 authority?

5 CHAIRMAN STRICKLAND: Correct.

6 MS. PHILLIPS: Okay.

7 CHAIRMAN STRICKLAND: I would entertain a
8 motion to --

9 MS. SINGLETON: Are those going to be separate
10 votes, Frank? Or one vote?

11 MR. GARTEN: My thinking is that it should be
12 one vote. As counsel pointed out, it's implicit if you
13 give somebody -- if we were voting on renewing the
14 contract, it should include an authority for the
15 chairman to execute the agreement.

16 MR. HALL: This is David Hall. I think all of
17 us have, you know, valid points here, but what Bernice
18 is asking that we just separate them out. Let's vote
19 on the substantive issues first. At least that's the
20 question, that is to do a substantive issue by itself
21 and then to just after we have reached a conclusion on
22 the first issue then we will take up the second issue.

1 I think the second issue is theoretically
2 dependent upon the outcome of the first issue.

3 CHAIRMAN STRICKLAND: All right.

4 MR. HALL: So let's just deal with the first
5 issue, move to the second one and I think it would
6 satisfy all the concerns raised.

7 CHAIRMAN STRICKLAND: Well, now I would
8 entertain a motion to --

9 MR. GARTEN: May I ask another question?

10 CHAIRMAN STRICKLAND: Okay.

11 MR. GARTEN: Is there any problem in amending
12 the resolution and to breaking it into two that can be
13 questioned about notice or what not in connection with
14 formally calling the meeting?

15 MR. FORTUNO: Well, as I said, I think the
16 reason why it's permissible is because it's implicit in
17 the agenda item. So it does no harm I think to break
18 the agenda item up in that logical manner. But I think
19 the reason why it's permissible is because it is
20 implicit in the agenda item recorded.

21 CHAIRMAN STRICKLAND: All right. Perhaps we
22 didn't word the agenda item as artfully as we should

1 have so we'll have to do the best we can to work around
2 that.

3 All right. I would then entertain a motion to
4 consider and act on a renewal, a two-year renewal of
5 Helaine M. Barnett's employment agreement as president
6 of the Legal Services Corporation.

7 M O T I O N

8 MR. HALL: So moved.

9 CHAIRMAN STRICKLAND: Is there a second?

10 MS. BeVIER: Second. Lillian BeVier.

11 MS. SINGLETON: Would you accept an amendment
12 that it's subject to being able to work out
13 satisfactory terms?

14 CHAIRMAN HALL: Sure.

15 MS. SINGLETON: The second accepts that
16 amendment.

17 CHAIRMAN STRICKLAND: All right. Any
18 discussion on the motion as amended?

19 (No response.)

20 CHAIRMAN STRICKLAND: All right. Hearing
21 none, all those in favor of the motion, please say aye.

22 (Chorus of ayes.)

1 CHAIRMAN STRICKLAND: Those opposed?

2 MS. PHILLIPS: Nay.

3 (Nay, 1.)

4 CHAIRMAN STRICKLAND: All right. So is that

5 9 -- and the Chair votes aye, so is that 9 to 1?

6 (No response.)

7 MS. PHILLIPS: Frank, is it possible for me to

8 read into the record why I'm voting no right now or

9 should I wait until it's permissible?

10 CHAIRMAN STRICKLAND: You can read it in right

11 now if you'd like.

12 MS. PHILLIPS: Well, it seems to me that

13 renewing Helaine's contract before conducting an

14 evaluation for 2006 is like putting the cart before the

15 horse. I believe we believe it would be not logic not

16 to evaluate her especially before we renew the contract

17 because of what's happening for -- what had happened

18 for 2006.

19 I shared with Frank earlier before when I

20 spoke to him when we sent in our ballots that I believe

21 that the board should not make an important decision

22 like this, renew the contract of a president based

1 solely on a lease agreement, renewing a lease
2 agreement.

3 So it may be inconvenient for Helaine, but I
4 think Helaine might want to arrange the lease to go
5 from month to month.

6 Also I feel that the board should hold off
7 renewing the contract until the IG report comes out and
8 since we have this, this GAO coming in to conduct a
9 review of the operating procedures and activities for
10 the LSC board and president, it leads me to believe
11 even more that we should wait or hold off.

12 I believe that our fiduciary responsibility
13 makes us have to wait patiently for all the facts to be
14 presented before an important action is taken like
15 this.

16 I also move -- I also don't want the president
17 to move forward with a cloud hanging over her head and
18 go -- continue to work for LSC without any concerns. I
19 just think we haven't lined up our ducks and to make an
20 important decision like this before evaluating her and
21 GAO and the IG's report comes in, you know, it's just
22 making a hasty decision. And that's the reason why I'm

1 voting no.

2 CHAIRMAN STRICKLAND: Okay. Thank you very
3 much. Does anyone else have any comments?

4 MR. FUENTES: Mr. Chairman, this is Tom
5 Fuentes, and I'd like to add a word here. Frankly, I
6 thought we were going to have a little more discussion
7 before the vote was just taken. And I thought we would
8 have the opportunity to hear some of these concerns and
9 discuss them and dialogue about them. I was kind of
10 surprised that the vote went as quickly as it did.

11 I think that Bernice's interest and her
12 expression is quite noble and, frankly, a fine model
13 for all of us to emulate that she would give thought
14 to this, no matter what our vote in the long run might
15 be. It's obvious that she has had some concerns and
16 has the courage and ability to express those concerns
17 and I frankly applaud them.

18 I would like to hear how in this process we
19 will have an opportunity as a full board to review the
20 final determinations of the negotiations between the
21 chairman. For instance, one thing that continues to
22 weight of great concern in my mind is the practice of

1 the grantee staff being employed at headquarters. I
2 hope that that practice is well behind us and we will
3 be sure that that's not going to be a practice in the
4 future.

5 Details like that I think would be things that
6 board members might have an interest in and I think
7 that we all come to this vote with good intent. But I
8 was hoping that there would be a little more dialogue.

9 MS. BeVIER: Mr. Chairman, this is Lillian
10 BeVier.

11 CHAIRMAN STRICKLAND: Lillian?

12 MS. BeVIER: I appreciate Bernice's concern
13 and I would simply suggest for my own part I have
14 thought about this. I have observed Helaine for the
15 last three years and know a good deal about her
16 performance as I think we all do.

17 I am very concerned about and I think as far
18 as I'm concerned at this point with respect to the
19 general direction of the Legal Services Corporation, I
20 would like to express my confidence in her.

21 It's of course true that we await the IG's
22 report and we await the GAO's input, but I think what

1 the corporation needs from the board and from Helaine
2 at this point is an affirmation of our concern, our
3 confidence, our interest in moving forward.

4 I think she needs our support and I think she
5 has earned it. I think that we should renew her
6 contract and go forward with all we have learned and
7 all of our efforts to remedy the things that we have
8 all tripped up on perhaps. But we need to work
9 together to do that.

10 And I think that for my part, the reason I
11 voted to renew the contract was because from what I
12 knew of what Helaine had done during the course of her
13 term, I was very satisfied with her leadership of the
14 corporation.

15 There are always things that one might wish a
16 person might have done differently, but our job is not
17 to micro-manage and I think our job is to -- of course,
18 we have be fiduciaries, but I believed when I voted for
19 the motion initially that I was exercising my fiduciary
20 responsibility.

21 CHAIRMAN STRICKLAND: Thank you very much.

22 Any other board member have a comment at this

1 point?

2 MR. HALL: Yeah. This is David Hall. It's
3 echoing some sentiments I think have already been
4 expressed. You know, I, too, you know, certainly
5 believe that what Bernice is raising is the kind of
6 classical way in which one would go about any type of
7 renewal which is that you would have just completed a
8 recent evaluation and then you would make a decision
9 after having, you know, done that evaluation.

10 So I certainly in regards to that point that
11 she is raising concur. Like Lillian, though, I think
12 the reason I voted yes is that I think an evaluation of
13 a person's performance is not just the quote/unquote
14 perfunctory evaluation that you do at the end of a year
15 or the end of a term, but it's what you've observed
16 each time you've met the person, each time you've seen
17 them, you know, perform. And, therefore, I guess I
18 felt comfortable, quote/unquote, deviating from what I
19 think is the best practice. Because what I've
20 observed, you know, convinces me that she is the person
21 that we want leading us going forward and I'm delighted
22 that she's still willing to serve in this particular

1 role and, you know, help us move forward.

2 The last thing I would say because, you know,
3 Bernice has raised some other issues about things that
4 have been going on in the agency, the congressional
5 investigation and all of this, and I guess I would just
6 like to say that I don't believe that that process
7 points, you know, to Helaine any more than it points to
8 all of us. And if there is any validity to the sorts
9 of things that have been raised, then it is a -- it's
10 valid in regards to the board because some of these
11 issues we had control over.

12 A lot of them I don't think are even valid and
13 are more, you know, the historical attacks that often
14 come against LSC. But I don't believe that these
15 concerns are a direct or have a direct relationship to
16 Helaine's leadership.

17 I think many of the things that Helaine has
18 been carrying out, you know, some of the policies that
19 have even been questioned were policies she inherited
20 and prior presidents were doing the same thing assuming
21 they were fine and acceptable.

22 And so we shouldn't read into the

1 congressional oversight that we have a poor leader. I
2 think we should read into that is that, you know, we
3 still have some issues with Congress. We still have
4 those who may not fully appreciate what we are doing.
5 And part of our role as a board with Helaine's support
6 is to try to change that as best we can, but to accept
7 the fact that there may always be staff people who will
8 not like what we are about or like what our mission is
9 and may question that and may raise issues. And part
10 of our goal is to provide them with information they
11 have when we can and to stand our ground when we
12 believe we are on the right ground. And I think we are
13 on the right ground and we're moving in the right
14 direction with Helaine's leadership.

15 CHAIRMAN STRICKLAND: Thank you, David.

16 Any other board members have a comment?

17 Please feel free to speak up.

18 (No response.)

19 CHAIRMAN STRICKLAND: Okay. If everybody is
20 ready then, let's move on to the second part of the
21 motion as it has now been divided. And that would be
22 to consider and act on delegation to the chairman of

1 the board authority to negotiate a two-year extension
2 of Helaine M. Barnett's term of employment as president
3 of the Legal Services Corporation.

4 M O T I O N

5 MS. SINGLETON: I so move. This is Sarah
6 Singleton.

7 CHAIRMAN STRICKLAND: All right. Is there a
8 second to Sarah's motion?

9 MR. HALL: Second. David Hall.

10 MR. GARTEN: A question of counsel.

11 Should it also recite in that he has the
12 authority to execute the agreement?

13 MR. FORTUNO: Yes. I think that it is best to
14 be clear and certainly that is the intention.

15 MR. GARTEN: I so move as an amendment.

16 MS. SINGLETON: It's acceptable to me as an
17 addition.

18 CHAIRMAN STRICKLAND: Is it acceptable to you,
19 David, as the person who seconded the motion?

20 MR. HALL: Sure. Yes.

21 CHAIRMAN STRICKLAND: Okay. Is there any
22 discussion on the current motion?

1 MR. FUENTES: Just a point of information.

2 Tom Fuentes speaking. Would there be in a process
3 between the time the final document is prepared or
4 negotiated and the time it is executed opportunity for
5 board member review and comment to the chairman?

6 CHAIRMAN STRICKLAND: I'd be glad to circulate
7 it to all board members.

8 MR. FUENTES: Thank you.

9 CHAIRMAN STRICKLAND: If that's acceptable.

10 And, as a matter of information, I would
11 anticipate that it would closely parallel the current
12 agreement, so I would certainly be glad to do that and
13 I give you that commitment right now.

14 MR. GARTEN: But it should be clear, however,
15 that that was not going to delay the execution of the
16 contract. And that's the reason why we called this
17 board meeting so that you can move on and Helaine could
18 move on.

19 CHAIRMAN STRICKLAND: Correct.

20 I would intend to circulate it very quickly
21 and, as I said, the model of the document is already in
22 place since it's the one we're operating under now. So

1 I think we can do that very quickly. I agree with Herb
2 that we need to move ahead, but I will do that as
3 quickly as I can.

4 Any other discussion on the motion?

5 (No response.)

6 CHAIRMAN STRICKLAND: All right. Hearing
7 none, all those in favor of the motion, please say aye.

8 (Chorus of ayes.)

9 CHAIRMAN STRICKLAND: Those opposed, nay?

10 (No response.)

11 MS. PHILLIPS: What are we voting on again?

12 To delegate the authority to the chair; right?

13 CHAIRMAN STRICKLAND: Right. It's pretty much
14 the one that's written on your agenda except with the
15 addition to authorize me to execute the agreement on
16 behalf of the corporation.

17 All right. I asked if there were any nay
18 votes. Are there any votes nay?

19 (No response.)

20 CHAIRMAN STRICKLAND: All right. Did
21 everybody vote?

22 (No response.)

1 CHAIRMAN STRICKLAND: I will declare that to
2 be a unanimous vote, then.

3 The next item on the agenda is consider and
4 act on other business. Is there any other business?

5 (No response.)

6 And the final item is public comment. Is
7 there any public comment?

8 (No response.)

9 CHAIRMAN STRICKLAND: Apparently not. In that
10 event, I would thank everyone for participating in
11 today's meeting which took us about 30 minutes. So I
12 think it was time well spent and we learned a lot as we
13 went through this process and I appreciate all of you
14 participating today and I would entertain a motion to
15 adjourn.

16 M O T I O N

17 MR. FUENTES: So moved.

18 CHAIRMAN STRICKLAND: Is there a second?

19 MS. BeVIER: Second.

20 CHAIRMAN STRICKLAND: All right. I assume
21 there will be a unanimous vote to adjourn and I'll
22 declare the meeting adjourned.

1 MR. FUENTES: Have a good New Year everybody.

2 CHAIRMAN STRICKLAND: Thank you very much.

3 (Whereupon, at 2:33 p.m., the meeting was
4 adjourned.)

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