

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE GOVERNANCE
AND PERFORMANCE REVIEW COMMITTEE

OPEN SESSION

Thursday, January 22, 2015

1:00 p.m.

Westin Colonnade Hotel
180 Aragon Avenue
Coral Gables, Florida 33134

COMMITTEE MEMBERS PRESENT:

Martha L. Minow, Chairperson
Charles N.W. Keckler
Julie A. Reiskin
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Robert J. Grey Jr.
Harry J.F. Korrell, III
Victor B. Maddox
Laurie Mikva
Father Pius Pietrzyk, O.P.
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT:

James J. Sandman, President
Lynn Jennings, Vice President for Grants Management
Wendy Rhein, Chief Development Officer
Rebecca Fertig Cohen, Special Assistant to the
President
Ronald S. Flagg, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary
Mark Freedman, Senior Assistant General Counsel,
Office of Legal Affairs (by telephone)
Stefanie Davis, Assistant General Counsel, Office
of Legal Affairs (by telephone)
Atitaya Rok, Staff Attorney, Office of Legal Affairs
David L. Richardson, Comptroller and Treasurer,
Office of Financial and Administrative Services
Carol A. Bergman, Director, Office of Government
Relations and Public Affairs
Carl Rauscher, Director of Media Relations, Office of
Government Relations and Public Affairs
Jeffrey E. Schanz, Inspector General
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel, Office of the Inspector General
John Seeba, Assistant Inspector General for Audit,
Office of the Inspector General (by telephone)
Daniel O'Rourke, Assistant Inspector General for
Investigations, Office of the Inspector General
David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General
Traci Higgins, Director, Office of Human Resources
Janet LaBella, Director, Office of Program
Performance
Lora M. Rath, Deputy Director, Office of Compliance
and Enforcement
Herbert S. Garten, Non-Director Member, Institutional
Advancement Committee
Frank B. Strickland, Non-Director Member,
Institutional Advancement Committee
Allan J. Tanenbaum, Non-Director Member, Finance
Committee
Nikole Nelson, Executive Director, Alaska Legal
Services Corporation
Don Saunders, National Legal Aid and Defenders
Association (NLADA)
Lisa Wood, American Bar Association SCLAID Chair
Mary Ryan, American Bar Association Pro Bono
Committee

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

2 (1:00 p.m.)

3 CHAIRMAN MINOW: Hello, everybody. I'd like
4 to call to order the Governance and Performance Review
5 Committee. So is anyone willing to make a motion to
6 approve the agenda of the Governance and Performance
7 Review Committee?

8 M O T I O N

9 MS. REISKIN: So moved.

10 CHAIRMAN MINOW: Thank you.

11 MR. KECKLER: Second.

12 CHAIRMAN MINOW: Great. Wonderful.

13 How about the minutes? We've had two
14 meetings. There was an October and then a telephonic
15 meeting. So can I just treat these minutes as having
16 been approved?

17 M O T I O N

18 MS. REISKIN: So moved.

19 MR. KECKLER: Second.

20 CHAIRMAN MINOW: Wonderful. Thank you.

21 So we will turn now to a discussion of the
22 Board evaluations, and Carol Bergman is joining us.

1 And first I want to say thank you to Carol on two
2 fronts: One, that we don't have a GAO discussion here
3 -- I think we can all have a moment of joy; but
4 secondly, for putting together in such a readable
5 format for each chair of the Committees the
6 evaluations. And also I want to thank everyone on the
7 Board for filling out your evaluations. This is just a
8 terribly important part of good governance.

9 I think that each chair should be sure to take
10 a look and see whether there's something moved raising
11 explicitly with the Committees. But other than that, I
12 think that it's most informative for the chair as
13 thinking about the coming year.

14 I will just comment briefly on the overall
15 evaluations that people said about the Board in
16 general. And I think it was a very heartening kind of
17 report about the level of understanding and commitment
18 and engagement.

19 I think one thing that I'm sure we'll hear
20 from the President as we go forward is how to make sure
21 that we continue the implementation. Several members
22 talked about implementing the mission and message

1 elements of the 40th, following up on the anniversary
2 event, and other messaging issues. Those were things
3 that I saw coming out of the overall Board evaluations
4 as followup.

5 Does anyone else have comments? Julie?

6 MS. REISKIN: I just have a question. The
7 number of evaluations was greater than the number of
8 Board members. And I was just curious. Was that
9 Committee members? I mean non-Board Committee members?

10 MR. LEVI: I assume that was non-Board
11 auxiliary members.

12 CHAIRMAN MINOW: Yes.

13 MR. LEVI: I mean non-Board directors?

14 MS. BERGMAN: We sent the evaluation form, the
15 Survey Monkey, to all of the Board members and all of
16 the nonvoting Board members. And mostly, the nonvoting
17 Board members only evaluated the Committees on which
18 they served. But some chose to also evaluate their
19 experience on the Board itself.

20 So each chair of the Subcommittee got the raw
21 data so you could see who evaluated your Committee.
22 The public document doesn't have anything for

1 attribution, so you can't separate that out. But the
2 raw data for the Board evaluations went to John and
3 Martha, and so they have the list of -- they could see
4 that some nonvoting Board members -- and obviously one
5 could make a decision or a recommendation about how we
6 want to do that moving forward. But there was not
7 uniformity.

8 But almost everybody responded to complete
9 some evaluation in this process.

10 CHAIRMAN MINOW: Thank you for shepherding the
11 sheep.

12 Yes, Father Pius?

13 FATHER PIUS: More of a procedure question. I
14 think some of the comments had recommended possibly
15 adding a "Not applicable" option to some.

16 CHAIRMAN MINOW: Category?

17 MS. BERGMAN: Yes.

18 FATHER PIUS: Which I thought was a decent
19 idea. I remember at least a few times myself thinking
20 maybe "Not applicable" would be my best vote on that.
21 So just something to think about.

22 MS. BERGMAN: Absolutely. No, we had a couple

1 of people who said that also in separate emails to me,
2 that they either wanted a neutral or an N/A option,
3 that everything seemed to be either yes or no, black or
4 white. And we will certainly include that next time
5 around.

6 But the good news it seemed like everything
7 was comfortable with Survey Monkey. It worked for
8 everybody, and so that was a very effective way to be
9 able to do it.

10 CHAIRMAN MINOW: Any other general comments
11 about the evaluation? Evaluation process? Oh, yes,
12 Julie?

13 MS. REISKIN: Not about the evaluation. I
14 forgot. I had one question about the minutes, whenever
15 it's appropriate.

16 CHAIRMAN MINOW: Please. Sure. Now is good.

17 MS. REISKIN: In the minutes, there was --

18 CHAIRMAN MINOW: This is for the meeting or
19 the telephonic meeting?

20 MS. REISKIN: I think it was the meeting. And
21 it's nothing wrong with the minutes. It was just a
22 followup. You had mentioned a study about federally

1 funded agencies, that the GAO was going to look at
2 that, and I was wondering if you'd heard any more.

3 MS. BERGMAN: No. The responses were not due
4 until February, so there wouldn't be anything at this
5 point. But it was a report back to the Committee
6 chairs that had requested it. So generally, those
7 things at some point are made public when they're
8 final, and so hopefully by the April Board meeting I
9 can make people aware of that.

10 MS. REISKIN: So you'll keep an eye on it --

11 MS. BERGMAN: Absolutely.

12 MS. REISKIN: -- and let us know what is
13 happening with that?

14 MS. BERGMAN: Yes.

15 MS. REISKIN: Okay. Thank you.

16 MS. BERGMAN: Sure.

17 CHAIRMAN MINOW: Great. And thank you, Carol,
18 again on this.

19 So now we'll turn to -- an important task of
20 this Committee is to do an oversight of the evaluations
21 of the President and Inspector General. So we will
22 turn to Jim's, and thank you very much, Jim, for your

1 sending along your self-evaluation. Do you want to say
2 anything?

3 PRESIDENT SANDMAN: I generally like to stand
4 on my brief, but I would like to emphasize two things.

5 One, there are a number of things that don't
6 appear to be very glamorous that we're doing to improve
7 LSC's infrastructure that I think are very important,
8 and a number of them are reflected in the report I did
9 on our progress in meeting the goals of the strategic
10 plan.

11 But things like creating a single data portal,
12 as we call it, one-stop access to all information that
13 we have about grantees, that's something we've never
14 had before. It's something that's critically important
15 to our ability to do effective oversight of our
16 grantees and to break down barriers between offices
17 within LSC.

18 So I see things like that, and our move toward
19 the purchase of a new grants management system, as
20 being integrally related to our progress in meeting the
21 recommendations of the Fiscal Oversight Task Force as
22 well as meeting the goals of the strategic plan.

1 The second thing I just want to emphasize is
2 that I believe I benefit enormously from having a very
3 strong team of professionals who work with me. And if
4 I have made any progress in accomplishing anything, the
5 credit goes to them.

6 CHAIRMAN MINOW: Thank you.

7 Julie?

8 MS. REISKIN: Could you send that to me? I
9 don't think I got that. I got --

10 MR. LEVI: It wouldn't have gone to everybody.

11 CHAIRMAN MINOW: Didn't everybody get it?

12 MR. LEVI: No.

13 MS. REISKIN: I got Jeff's but I didn't get
14 this. Everyone else did?

15 CHAIRMAN MINOW: You did not get it?

16 MR. LEVI: Did it only go to the Committee?

17 MS. REISKIN: I'm on the Committee.

18 CHAIRMAN MINOW: No. I don't understand that.

19 So I will send it --

20 MR. KECKLER: I don't think I got it, either.

21 CHAIRMAN MINOW: I'll send it right now. I'm
22 so sorry. I thought I did.

1 I will summarize a little bit. I think, in
2 general, no suspense here, Jim has done a superb job,
3 and a superb job on both leadership and management;
4 implementation of strategic plan and pro bono, real
5 progress on both; and also on the issues, nitty-gritty,
6 and building a team that's effective.

7 One thing that I don't know if everyone knows
8 is that there are opportunities for staff members also
9 to give evaluations, and confidentially to John and to
10 me. And they're mostly anonymous, and we have some of
11 those.

12 Again, in general, you exceed expectations or
13 meet expectations. And so I think that's really just
14 to be utterly commended. And I know we all feel
15 incredibly grateful for your leadership, and I just
16 think it's worth underscoring, your ability to build a
17 respected position in relationship to partners and in
18 relationship to our funders. That is front and center,
19 absolutely central, and you've done it, and also your
20 ability to recruit really good staff.

21 John?

22 MR. LEVI: Yes. I think I got it, and I

1 printed it out, but I think it's upstairs.

2 Jim, in a couple of places you were a little
3 hard on yourself, I thought, and -- I'm not current on
4 this -- something about the data project that you said,
5 I didn't meet this. And maybe there was one other. I
6 don't know if you want to speak to that at all.

7 But the LSC of today is so different than the
8 LSC just a few years ago, and that is a credit to your
9 leadership. And so if we embark on some things that
10 are difficult to accomplish, and they're new worlds and
11 they're projects, and for whatever reason the time
12 slips a little bit in them, I don't regard that as not
13 meeting expectations.

14 CHAIRMAN MINOW: Right.

15 MR. LEVI: You're being too hard on yourself.

16 So I want to make that public statement and say I
17 think that's just part of the game, and thank God we're
18 in that game.

19 CHAIRMAN MINOW: You can make a rebuttal, Jim.

20 (Laughter.)

21 MR. LEVI: Because you put us there. That's
22 the public welfare. That's a good example. And so I

1 want to just say thank you. I know I speak for the
2 rest of the Board in feeling that way.

3 CHAIRMAN MINOW: You certainly do. And
4 another one that's worth highlighting is the advances
5 in technology. And we'll hear more in detail about the
6 TIG conference, but I think there there's a real
7 leadership demonstration. And the very prompt and
8 quick implementation of the new line item on pro bono,
9 I think it's just incredible to see that take hold
10 right now.

11 I think that the ongoing questions, in the
12 spirit of what John says, it's not at all criticism.
13 It's how to do more outreach to the unexpected
14 communities, the communities that don't already love
15 and admire and support LSC, and the chambers of
16 Congress, of the world, and business communities, and
17 small business communities. And I think that that's
18 part of the strategic plan, and that's an appropriate
19 thing to be turning to in the future, I think.

20 MR. LEVI: And in this environment, the
21 confidence that the Congress has in us to raise the
22 funding for two very critical projects because they

1 have confidence that we will administer them correctly
2 is, I think, a huge vote of confidence in you and your
3 team.

4 CHAIRMAN MINOW: I also think it's really
5 great, and this is again less flashy, to have as an
6 aspiration being a model in good practices. And I
7 think that we will turn in a moment or so to the
8 revision of Code of Ethics and Conduct, and that's a
9 great example of trying to do that.

10 Julie?

11 MS. REISKIN: Yes. I think a couple things --
12 and again, not having read it, maybe this is in here --
13 but in terms of what we mention as a Board. I think we
14 need to really highlight his leadership in that 40th
15 celebration because that was epic and that was amazing.

16 And that needs to be written down as our comment as
17 that way, way exceeded not only expectations but
18 wildest dreams.

19 CHAIRMAN MINOW: Right.

20 MS. REISKIN: And then the other two things
21 that I think are important are being able to accomplish
22 a culture change in the amount of time he did, that's a

1 true culture change, not just, oh, we've got to say
2 these words until the next one quits, kind of thing.
3 It's really remarkable and very difficult to do. A lot
4 of nonprofit leaders fail at that.

5 Then the other, what is most important to me,
6 I think, is the reputation of LSC in the client
7 community has changed dramatically. I got, and I will
8 share, the evaluations from "LSC in the Client Voice"
9 that Jim and I now do annually at NLADA, and standing
10 room only. Lots of comments. And a lot of the
11 comments called out Jim.

12 CHAIRMAN MINOW: That's terrific.

13 MS. REISKIN: And the client community is
14 saying, he's here and he's listening, and that's huge
15 and that's new, and thank you.

16 CHAIRMAN MINOW: I think those are excellent.
17 I'm sorry, Julie, I have to also, though, commend you
18 on that because I think you've played an absolutely
19 pivotal role in making that a priority. And I know
20 that Jim is there with you at every second, but I
21 really do want to underscore your role.

22 I think that the biggest understatement in

1 Jim's self-evaluation is he has the item, "Close out
2 the remaining GAO recommendations," and he says, "I met
3 this goal."

4 (Laughter.)

5 CHAIRMAN MINOW: I think we have achieved
6 that, with Carol's wisdom and your finesse, and it
7 really is a genuine accomplishment.

8 I know that John's already talked about the
9 difficulty of moving ahead on the data collection, and
10 we'll talk about that further. And I do think that
11 everyone on the Board wants to be helpful on that
12 front.

13 So this is on evaluation. Jim has also set
14 out goals for next year, and I want to turn to that in
15 a minute. But anyone have comments? Gloria?

16 PROFESSOR VALENCIA-WEBER: Last week I was
17 able to attend the TIG conference, the first ever for
18 me, and Jim unfortunately was not able to go. And it
19 was interesting, among the participants there, how much
20 they commented that they were sorry that Jim was not
21 there and that he truly understood the frontiers which
22 they're working at in a way that's very hard sometimes

1 to get people in the pro bono or nonprofit world to
2 understand.

3 CHAIRMAN MINOW: Super. Any others on the
4 review?

5 (No response.)

6 CHAIRMAN MINOW: So going forward, I think
7 it's absolutely the right statement of goals -- making
8 progress, demonstrable progress, on the strategic plan
9 goals. We had an element of the strategic plan that
10 said we would actually have an update where we are and
11 everything, so I'm sure we'll do that and be able to
12 talk about what the benchmarks will be.

13 I love the goal of completing the
14 implementations of the Fiscal Oversight Task Force. I
15 think we're very close, and that's very exciting.

16 Hiring additional staff with fiscal expertise
17 we do need to talk about as well as other vacant
18 positions and how to connect that with the funding
19 issues. I think that that is a huge priority. I can
20 say, watching from afar, it looks to me like you're
21 understaffed. That's my view.

22 So I think even if it means actually spending

1 money that you're saving for the rainy day, I think we
2 need to spend it because you shouldn't have to work so
3 hard. But frankly, the whole staff -- everybody's
4 doing more than one job, it seems to me. But that's
5 just from where I sit.

6 As to the other goals, I think they're all
7 quite appropriate. And certainly finding ways to raise
8 additional funds, I know you're hard at work on that,
9 Jim, and look forward to hearing updates about that. I
10 know that John is also working on that front very hard,
11 and Wendy as well, and we will try to have some really
12 demonstrable success from those efforts this year.

13 Any other statements about goals for this
14 coming year? Yes, please?

15 PRESIDENT SANDMAN: I'd like to add two
16 things. I do want the full Board to have an
17 opportunity to review my self-evaluation --

18 CHAIRMAN MINOW: Sorry.

19 PRESIDENT SANDMAN: -- and the accompanying
20 description of the progress we've made in meeting the
21 goals of the strategic plan. And I would be grateful
22 for the Board's feedback. And we could do that during

1 the full Board meeting on Saturday so that people don't
2 have to be rushed right now.

3 CHAIRMAN MINOW: Very good.

4 PRESIDENT SANDMAN: And second, on the
5 suggestion, the helpful suggestion, that I try to focus
6 on getting our message out to people beyond the usual
7 audiences, I have met recently with Carl Rauscher, and
8 he's identified four cities where he thinks there might
9 be opportunities to speak to audiences who aren't the
10 usual access to justice audiences that I get invited to
11 address.

12 The challenge is, it's kind of a catch-22.
13 You're not going to get invited to speak to an audience
14 if no one knows what you do. And no one knows what we
15 do. And I can't foist myself on an audience who's
16 never heard the term "legal aid" and doesn't know what
17 the Legal Services Corporation is.

18 How you get positioned to get invitations of
19 the type that we should be working toward is very
20 tough. And one way to do it is through intermediaries,
21 to get kind of translators who are already connected to
22 the audiences that we're trying to reach and to get

1 them to make the pitch instead of our trying to make
2 the approach directly.

3 But it is hard. I get lots of speaking
4 invitations, most of them, the vast majority, the
5 overwhelming majority, are to access to justice
6 conferences. They're to the legal aid community. It
7 is important to engage with those audiences and to give
8 them pep talks. There are a lot of reasons to devote
9 time to that.

10 But I'm preaching to the choir when I speak to
11 audiences like that. I'm not doing anything to move
12 the needle on public awareness of the importance of and
13 need for legal aid.

14 CHAIRMAN MINOW: I think that's really well
15 said and striking. I think it's probably going to be
16 very challenging. But my small piece of advice is, do
17 not accept a single invitation to a group to which you
18 have already appeared for the coming year. Find
19 someone else, a surrogate, someone else to do that.

20 As to the groups, you're quite right, where
21 they don't know, they've never heard of the terms or if
22 they have they don't know what it means, I think that

1 there still are ways to find a connection.

2 So when we had the Small Business
3 Administrator at our 40th, it just seemed to me that's
4 a natural entree to the Chamber of Commerce, to just
5 pitch it as what small businesses get out of legal
6 services. And I think people in her office would be
7 happy to open those doors.

8 So I think each audience is going to have
9 something of a different angle, but that's what it
10 takes. And it's not foisting yourself. They're all
11 trying to fill their speaker series, all of them, and
12 they will be so grateful once they hear you.

13 So it's finding the way to make the
14 connection, I think. And I think everyone on the Board
15 wants to be helpful in that regard and has ties and
16 links. And if you're willing to do it and actually not
17 go to any of the familiar faces right now, and turn to
18 any of us and anyone on the staff that you think is
19 appropriate to do those familiar ones, which do need to
20 be maintained, but have as a goal that a year from now
21 it'll be a very different list, that would be a
22 worthwhile exercise, at least, it seems to me.

1 MR. LEVI: I want to say I think in your first
2 few years of your tenure, it was actually very
3 important and talk to the community of our grantees and
4 the access to justice commissions because they needed
5 to see you. They need to have confidence in us through
6 you. And I think you have done that so admirably.

7 Now maybe we can help you and help Carl
8 network a bit to find other places that would --
9 because they won't be disappointed. And then that will
10 have its own momentum. And so what you hear is, I
11 think, a Board that's willing to use its own networks
12 to help you.

13 You shouldn't take that as -- that's not to
14 get in your way, either. But I think Martha -- I don't
15 know whether -- Harry and others are raising their
16 hands. But I think people would help.

17 MR. KORRELL: Yes. I know in Seattle there
18 are general counsel roundtables, CEO roundtables. They
19 meet at the big law firms. We host them, you know, the
20 breakfast bagels. Those kinds of things seem to happen
21 all the time.

22 I would just think any of the major law firms

1 is quarterly hosting some group of business leaders. I
2 mean, you remember from your time in law firms. Right?

3 The CEO roundtable, whatever. We can all reach out,
4 and if you remind us by asking us, we're more likely to
5 do it.

6 PRESIDENT SANDMAN: I do want to report on one
7 very interesting experience I had yesterday. Last
8 summer I was invited to be the keynote speaker at
9 Covington & Burling's annual pro bono awards lunch.
10 And that's always an interesting experience for me.

11 I spent enough time in a competitor law firm
12 that when I go to visit a law firm like Covington, I
13 feel like a voyeur. And I'm really interested in the
14 food they serve, and what their offices look like.

15 (Laughter.)

16 PRESIDENT SANDMAN: But I made a pitch during
17 the course of my speech there for a particular type of
18 pro bono work, assisting low-income people who live
19 right in your own back yard, and to be sure that that
20 kind of work gets the attention it deserves in the pro
21 bono programs at big law firms.

22 And I had a meeting yesterday with the

1 chairman of Covington & Burling, who told me, and I
2 hadn't known this, that because of what I said, he
3 personally took on a landlord/tenant case in the
4 Superior Court of the District of Columbia, which he
5 had never done before. He's got to be 60 years old.
6 And he had gotten a very successful settlement for his
7 client.

8 CHAIRMAN MINOW: Wow.

9 PRESIDENT SANDMAN: So that was a lawyer
10 audience, but it wasn't an audience of my usual
11 suspects. And it made my day.

12 CHAIRMAN MINOW: This is for me the last
13 comment that I have here. But that story exemplifies
14 what I wanted to say anyway.

15 We are privileged to have at our helm someone
16 who is an exemplification of the values of legal
17 services, who communicates those values so effectively
18 and persuasively, and who sets a standard of service
19 that is contagious. So would everyone join me in a
20 round of applause?

21 (Applause)

22 CHAIRMAN MINOW: And now we will turn to the

1 Inspector General's evaluation. Did everyone get this?

2 Good. Okay. Excellent.

3 Mr. Inspector General.

4 MR. SCHANZ: Yes, Madam Chairman. The reason
5 I sent my evaluation, my performance standards, to the
6 full Board is I report to the full Board under general
7 supervision.

8 CHAIRMAN MINOW: Of course.

9 MR. SCHANZ: So I sent it to the entire Board.

10 CHAIRMAN MINOW: Thank you for doing that.

11 MR. SCHANZ: And then if you would allow me a
12 little bit of discretion here, I have several prefatory
13 remarks.

14 I've served for two Boards, and I want to note
15 that in those almost seven years now that I've been the
16 Inspector General, I have never seen anybody have to
17 travel from Seattle to Miami. So I want to recognize
18 Harry. I think that is the long-distance travel award
19 for Board members.

20 CHAIRMAN MINOW: You have Father Pius saying,
21 what am I?

22 (Laughter.)

1 MR. SCHANZ: Oh, okay. I stand corrected,
2 Father Pius.

3 CHAIRMAN MINOW: But I think Harry appreciates
4 it.

5 MR. KORRELL: I do. But I do have to defer
6 that recognition.

7 (Laughter.)

8 MR. SCHANZ: I also want to note the absence
9 of Sharon Browne, who was a key element of this Board,
10 and I very much liked working with her. That's the
11 second prefatory remark.

12 The third prefatory remark, as you look
13 through my standards and my assessment of performance,
14 is you'll see that I've turned over the staff a little
15 bit. I'd like to introduce the new Assistant Inspector
16 General for Investigation. And Ms. Chairman, when you
17 mentioned SBA, we perked up because Dan -- if you
18 would, please -- Dan came to us from the SBA.

19 CHAIRMAN MINOW: We're very delighted to
20 welcome you here, and look forward to a wonderful set
21 of experiences. And any entree to SBA would be great.

22 MR. SCHANZ: Okay. Thank you for entertain

1 those comments. And Father Pius, I apologize. I don't
2 know where your schedule is, but I know you have wings.

3 CHAIRMAN MINOW: So thank you. As I think
4 everyone knows, the Inspector General reports both to
5 this Board and to the Congress. And the best way to
6 look at the evaluation is to look at the
7 accomplishments over the past year, which are very well
8 laid out in the document.

9 I think that one of the things that I would
10 want to underscore is your very good work on the
11 training front and the training out to the field. I
12 think that it's exemplary, and it's just the right
13 tone, and it's the best possible road to prevention of
14 problems. So that's what I would underscore.

15 Do other people have things that they'd like
16 to mention? Julie?

17 MS. REISKIN: I agree. I think the prevention
18 is really important. I think you've done a great job.

19 I have no concern about that.

20 I did have a little concern about mentioning
21 dollar amounts as an accomplishment because if you
22 didn't recover any questioned costs, that might not

1 mean that you're doing a bad job. It might mean that
2 we're doing a good job of prevention.

3 So just maybe a sentence after that or before
4 it, if you're going to put dollar amounts, so that it
5 doesn't appear that we're going to up-rate you if you
6 get more money back. You know what I'm saying, I
7 think.

8 MR. SCHANZ: Yes, I do. That's a statutory
9 requirement, though, that we provide to Congress in our
10 Semiannual Report. There's two financial categories.
11 One is questioned costs. So we're statutorily required
12 to do that.

13 The other one is funds put to better use. An
14 example of that would be if we had an ED that was rogue
15 and spent all the money on himself, which I do have a
16 live example of that, and I think the Board knows, too.

17 But that money could be used to better use by funding
18 more grantees and more representation of the poor.
19 That would be the other category. So those are
20 statutory requirements.

21 CHAIRMAN MINOW: Thank you.

22 Charles?

1 MR. KECKLER: Thank you. Just to follow up a
2 bit on that point, thank you, Jeff, for the comparison
3 at the end of your report between the two years.
4 Indeed, one of the most notable points there is the
5 distinction between questioned and unsupported costs
6 going down in FY 2014 over FY 2013, from 301 in 2013 to
7 58 in 2015.

8 Since your level of investigation and activity
9 hasn't gone down, I'm hopeful. Am I being
10 over-optimistic to think that there's a little bit less
11 of a problem now?

12 MR. SCHANZ: Well, what I will say in response
13 to that, Charles, is it's trending the correct way.
14 That doesn't mean that with 134 programs, we don't
15 cover all 134. We do review all of the IPA reports
16 that come in, so we have an opportunity to review the
17 financial statements of each grantee in the front end.

18 But what we have found is sometimes those IPA
19 reports, they're designed to opine on the financial
20 statements, not to drill down into where we might find
21 some issues or fraudulent things.

22 Julie, your point is more compelling than you

1 even realize. I'm old. I've been in the community for
2 40-some years, the IG community, and that was a
3 question way back when: Do we go witch-hunting for
4 numbers and questioned costs?

5 As long as I've been an IG, including in HHS
6 at the time and DOJ and now LSC, we don't do that. I
7 mean, you can make artificial -- and we used to joke
8 we'd arrest the same guy crossing the border to drive
9 up our statistics for budget purposes.

10 But we don't do that, so we take the issues
11 where we we find them. And if it results in questioned
12 costs, then it results in questioned costs, and
13 Management's equipped to deal with those.

14 I think, Charles, your point is very well
15 taken. I hope we're making a difference. I remember
16 when this Board started, I kept asking Vic Maddox,
17 where's the deterrence here? We have people sitting in
18 jail. Why do people take those chances? I don't know.

19 I haven't thought like a criminal, I guess.

20 But there are limited opportunities out there,
21 and we're trying to make sure there's absolutely no
22 opportunities for fraud. We've been working hand in

1 glove with Management on that also.

2 CHAIRMAN MINOW: Well, you've anticipated how
3 I was going to end, but there are other people who want
4 to make comments. But I can't resist saying right now,
5 something that is just absolutely a hallmark of your
6 leadership is your collaboration and constructive
7 relationship with Management.

8 I want to commend both you and Jim for that
9 and for the transparency that's a real advantage for
10 this Board, to be able to see the progress, the numbers
11 of investigations and the heads-up. So I think that
12 we've seen just a tremendous growth in that area, and
13 it's really heartening to see.

14 John wanted to say something, and then Father
15 Pius.

16 MR. LEVI: I also want to say, Jeff, we
17 shouldn't do a review of the IG or the IG's office in a
18 sense without recognizing that you had this independent
19 peer review. You had some issues that were flagged to
20 you.

21 I want to congratulate you on how, instead of
22 running from them, you went right to work on correcting

1 them, taking care of the issues that needed to be
2 addressed and putting them behind you in the rear view
3 mirror.

4 As we all know, these things occasionally
5 occur, and then it's a matter of leadership as to how
6 you respond to them. And so I want to congratulate you
7 on that, even though I'm getting ahead of the Audit
8 Committee.

9 MR. SCHANZ: Well, that's where I'll address
10 it. But thank you very much, Mr. Chairman. I have
11 some quality staff who have taken the bull by the
12 horns, as it were. And there isn't a manager, I don't
13 believe, that can't improve.

14 So when I get a report like this -- when I
15 used to be a field auditor, I would say, "I'm here to
16 help you." And I literally was. And the more
17 enlightened people, the grant recipients, would say,
18 "Okay. Well, this is an opportunity to improve."

19 So I haven't fallen off that train. I'm still
20 on that, if I was doing it, and so I should receive
21 what I have given out.

22 CHAIRMAN MINOW: Father Pius?

1 FATHER PIUS: Most of my comments were in
2 there, so I'll just follow up briefly and give my
3 appreciation for that sense that the leadership that
4 you give, the example you give in leading, that your
5 job isn't to boost the numbers for reports to Congress
6 but to make sure that the real end is kept in mind, and
7 that is that the funds of the Federal Government are
8 spent in the way they're meant to be spent, for the
9 benefit of the poor.

10 That is, more than anything else, I think,
11 what your role is, is to make sure that the money
12 that's meant to be spent to benefit the poor actually
13 goes to benefit the poor. And I am grateful for your
14 example and leadership on that issue.

15 Following up on Martha's point, I think, too,
16 you recognize that the Board has just as much of a role
17 as anyone else in the oversight of this Corporation.
18 And so not only your cooperation with the President of
19 the Corporation, but your work with the Board on issues
20 that affects our own oversight so that this is a
21 collaborative effort between these actors, the Board,
22 the President, and you as the IG, I think has been just

1 increased more and more since I've been on the Board.

2 It certainly makes our job much easier, and I
3 think goes to the benefit of the poor and the benefit
4 of the Americans from whom the funds come to pay for
5 this. So I appreciate you on this.

6 One thing I would ask you to do is just
7 provide -- I think some people, looking at the report,
8 looking at the numbers at the very end, might be a
9 little surprised at the number of the field reviews,
10 the field audits or the desk audits because that's
11 about the only number that has shrunk significantly
12 over 2013 to 2014, the desk reviews and the IPA
13 reports.

14 So if you could just provide a little
15 background to explain why those numbers might be so
16 different and why we would get a fluctuation from one
17 year over the other, I think that might just help
18 provide a little background. Because it's dropped
19 about a third.

20 MR. SCHANZ: I can answer it in two words:
21 risk management. If we have the same IPA looking at
22 the same grantee for three, four, or five years, we're

1 not going to take as critical eye to that as a new
2 grantee and a new IPA. In fact, we have in process
3 right now a suspension and debarment action against an
4 IG that didn't meet even the minimal standards.

5 So those take a little bit more time. But I
6 think the first part of my answer, the more appropriate
7 one, is we're not going to look at the same grantee and
8 the same IPA every year based on the review of the
9 report.

10 When we find a "red flag," and I use that term
11 with staff, that gives us an indication to drill down
12 and to take a further look at that IPA. So we're
13 approaching it from two ways. We have the plenary
14 authority to go out and look at any grantee.

15 But also, we have the same authority to go
16 look at any IPA to make sure that their IPA is an
17 independent public accountant to make sure that they're
18 performing up to government standards. And I think
19 that's fairly novel in the IG community. I'm somewhat
20 proud of that.

21 As you may recall, we were doing a quarter a
22 year till we had done all of them. And this was the

1 first year after we had done every grantee and every
2 IPA of all the grantees. So I redirected our resources
3 to other things, like clearing the peer review
4 findings.

5 CHAIRMAN MINOW: One other that wasn't as
6 radical a change in number but was a change in number
7 was the number of hotline calls. And I'm sure that
8 that fluctuates year to year. But I wonder what are
9 the methods for alerting people about the existence of
10 the hotline and making that known?

11 MR. SCHANZ: Well, it's on our website, and
12 Dan O'Rourke will talk to this when he briefs you in
13 confidential session.

14 But that's a major part of our fraud
15 prevention guide. It's a major part of our fraud
16 awareness briefings to the grantees. Every office,
17 unless I've missed a couple, but every office has a
18 hotline poster in it in Spanish and English.

19 When we first decided to put those out and
20 make that a prominent part of the Investigations
21 Division within the OIG, we had people asking for, "Oh,
22 well, we have our package. What about our field

1 offices?" So we made a blanket distribution to
2 everybody that asked, including all of you. You should
3 probably have one of those in your office, neatly
4 framed.

5 (Laughter.)

6 MR. SCHANZ: But we do publicize it pretty
7 much in all our awareness briefings because -- once
8 again, Dan can talk to this better than I can -- but
9 when we're giving a presentation, sometimes you see
10 people -- "What? A fraud happened in LSC? How could
11 that happen?" So they may not think about it until
12 they actually read the guide and then see a whole-page
13 "Call the hotline."

14 CHAIRMAN MINOW: Well, I'm such a fan of the
15 fraud awareness education. And I'm sure that that's a
16 great way to bring the hotline to people's attention.
17 It just may be time to send out a new sheet to people
18 to frame it again because there's turnover in staff,
19 and if it's on the wall, it's the kind of thing that
20 people don't notice any more. Just seeing that there
21 was a dropoff from 125 to 106, it's not major, but it's
22 a small comment.

1 My last comment -- but of course if anyone
2 else wants to make a closing comment, please do -- your
3 role in the Inspector General community, Jeff, is
4 something that brings great pride to all of us. You
5 are looked to, and appropriately so, as someone with
6 great wisdom about how to do this job well.

7 Just reviewing your report again this year,
8 it's a complicated role you have here, the relationship
9 with the Attorney General, as well as the Congress, as
10 well as this Board, as well as the field offices. And
11 you do it with grace, and you inspire your team, and
12 you're constantly working on building the best tools of
13 your team. And so you get my commendations.

14 Anyone have other comments?

15 MR. KORRELL: Jeff just needs to work on
16 geography. Other than that --

17 (Laughter.)

18 MR. KORRELL: No. I echo. I've enjoyed
19 working with Jeff. I appreciate the hard work and the
20 briefings. It's really been terrific.

21 CHAIRMAN MINOW: Great.

22 MR. SCHANZ: Well, thank you very much. But I

1 did think Seattle to Miami was quite a trek.

2 CHAIRMAN MINOW: Well, maybe the longest
3 distance without having to cross an ocean. How about
4 that one?

5 (Laughter.)

6 CHAIRMAN MINOW: Excellent.

7 MR. MADDOX: Martha, can I just jump in?

8 CHAIRMAN MINOW: Please.

9 MR. MADDOX: I just also wanted to mention
10 that I appreciate Jeff's involvement and leadership in
11 the effort by the broader Inspector General community
12 in the Federal Government to address the abuse of the
13 Freedom of Information Act by the Federal Government
14 itself, most notably the Department of Justice.

15 CHAIRMAN MINOW: Yes. It's really striking.

16 MR. MADDOX: Which is a shameful departure
17 from the law, if you ask me. I know that this Board
18 and this Corporation takes the Freedom of Information
19 Act seriously --

20 CHAIRMAN MINOW: Very seriously.

21 MR. MADDOX: -- and appropriately so. And I
22 read the letter that Jeff signed, along with 25 other

1 Inspectors General. I thought it was extremely
2 well-researched and well-written and much-needed. So
3 applause to you, Jeff, for that.

4 CHAIRMAN MINOW: Good point. Thank you for
5 underscoring that. That's great.

6 So thank you, Jeff. As we shift to the next
7 item and let Jeff now --

8 MR. LEVI: I want to just --

9 CHAIRMAN MINOW: Oh, sorry.

10 MR. LEVI: Is there anything that you think we
11 need to know that has been left unsaid?

12 MR. SCHANZ: Well, as soon as I get back into
13 town, I've scheduled a meeting with Senator -- or
14 Congressman Chaffetz, I'm sorry. And he spoke at the
15 last CIGIE meeting, which was last week. It's once a
16 month, and he was the keynote speaker for our meeting.

17 He was in full support of the IGs, and
18 indicated that, "If you've ever been to Moab, raise
19 your hand." So I had an opportunity to raise my hand.

20 Southwest, yes. So in a room full of IGs, a couple of
21 us did. And his staff has already outreached to me as
22 of last week about meeting with them about that very

1 letter that Mr. Maddox is referring to about access to
2 justice issues.

3 I was pleased to tell the staffer verbally --
4 and I'll meet with her; Laurie and I will -- and advise
5 that after my first year here, we haven't had any
6 access to records issues, which makes my job very easy.

7 It was very interesting to hear the
8 congressman speak because he said, "I think the IG Act
9 as it's written is perfect. I don't know why we're
10 having these issues. The plain language of the statute
11 says that the IG is independent and has access to
12 records. What more can you embellish with that?"

13 So I was very impressed with him. He is now
14 going to head up Gov Ops for the House. We call it Gov
15 Ops. History. But anyway, so they've already reached
16 out to the IG community. And I'm going to take full
17 advantage of that. So thank you.

18 CHAIRMAN MINOW: That's great. Well, we look
19 forward to the continuing work that you do and hearing
20 back about that kind of activity on the Hill. So I
21 think we can have a round of applause for our Inspector
22 General.

1 (Applause)

2 CHAIRMAN MINOW: As we turn to the next item,
3 which is to consider and act on the revised Code of
4 Ethics and Conduct, may I just ask, is anyone else cold
5 or am I the only one who's cold? So it's cold. Okay.
6 So I will do something about that, too.

7 Ron Flagg, can I just say that this was the
8 most beautiful set of guidelines I have seen in my
9 life, and engaging, and made me realize how antiquated
10 I am in the work that I do. And I just commend your
11 use of multimedia.

12 MR. FLAGG: Well, thank you. I should say
13 that the art here is -- we owe a debt of gratitude to
14 Carol and her staff, particularly Marcos Navarro, for
15 the beautiful layout, and to one of the lawyers on my
16 staff, Atitaya Rok, who also helped lay it out.

17 Just to provide background, in 2008 the Board
18 approved the current, visually boring, version of the
19 Code of Ethics and Conduct. This Board, over the
20 course of the last 15 months, has substantively revised
21 three of the most significant sections of the Code, the
22 conflict of interest section, the whistleblower

1 section, and the EEO policy.

2 In the course of researching and amending
3 those substantive provisions, my staff reported back
4 that many of the leading organizations in the country,
5 both public corporations, public accounting firms,
6 other not-for-profits, underscored the importance they
7 ascribe to their codes of ethics and conduct by
8 presenting them, both internally and externally, in a
9 way that communicated to the readers that this was
10 important to them.

11 We thought that we should likewise communicate
12 that message, both to our LSC community as well as
13 externally to our grantees, other stakeholders,
14 Congress, whoever else would see this.

15 So what you have before you is a document
16 that, substantively, is virtually the same as the
17 document that is currently in existence, having been
18 amended in the three ways that I just mentioned.

19 There is at the outset an important message
20 from John and Jim which I think again underscores the
21 importance of the document, of these issues to the
22 Board, to Management, to LSC. And then there is the

1 repackaging, which we again feel properly emphasizes to
2 people, both internally and externally, the importance
3 of these provisions.

4 So Management recommends that the code, as
5 amended and repackaged, be approved.

6 CHAIRMAN MINOW: Does anyone have comments?
7 Harry?

8 MR. KORRELL: Thank you. And I apologize if
9 some of these are obvious. I didn't have a chance to
10 go back and compare this with the old policy.

11 But you'll recall we had a discussion about to
12 whom harassment and the like complaints get reported.
13 And I thought we had elevated the level of required
14 reporting to an executive director of a grantee or some
15 of the other -- the OIG or director of H.R.

16 This reflects reported in writing to his or
17 her manager. And I just want to make sure that is
18 consistent with what we agreed to or what I thought we
19 approved in our meeting. But I apologize. I didn't
20 have a chance to go back and pull up the old document
21 and take --

22 MR. FLAGG: Yes. The intention was to

1 incorporate all of the policies exactly as approved by
2 the Board, and I must admit I did not go back and look.

3 But I will check into that. But the intention is for
4 the policies, those three policies in particular, to be
5 exactly as approved by the Board over the course of the
6 last 15 months, with a few very small exceptions --

7 CHAIRMAN MINOW: Grammatical errors.

8 MR. FLAGG: -- which were noted in the cover
9 memo but which would not include the --

10 MR. KORRELL: I guess I would just ask if
11 someone could just check that and confirm. I just
12 can't remember what we settled on.

13 MR. FLAGG: We'll check that between now and
14 the Board meeting.

15 CHAIRMAN MINOW: That's great.

16 MR. KORRELL: And then the answer to the next
17 question is probably the same, but I was looking at the
18 whistleblower policy. I note that there, reports must
19 be disclosed only to the IG or the Assistant Inspector
20 General for Investigations. I assume that discrepancy
21 is intentional -- that is, for discrimination,
22 harassment, you can report to a list of folks, but for

1 whistleblower, it needs to go to the IG?

2 MR. FLAGG: Right. Yes. Yes. And I should
3 add, in listing the people who were important in the
4 process of pulling this document together, particularly
5 in revising those three policies and the whistleblower
6 policy in particular, the IG's Office was very helpful
7 and was quite directly involved.

8 MR. KORRELL: And I support that, as you know
9 from my earlier comments. I think a narrower list of
10 to whom to report is the way to go.

11 The last question I have, on the conflicts of
12 interest, on page 11 it talks about the directors'
13 disclosures annually. Are we currently doing that?

14 CHAIRMAN MINOW: Yes.

15 MR. KORRELL: I feel like I do lots of
16 disclosures.

17 CHAIRMAN MINOW: Yes.

18 MR. FLAGG: Yes.

19 MR. KORRELL: It's been 11 months since I
20 disclosed --

21 MR. FLAGG: Katherine Ward --

22 MR. LEVI: Katherine Ward sent it to you.

1 MR. KORRELL: That's fine. I just can't
2 remember --

3 CHAIRMAN MINOW: You do so many.

4 MR. KORRELL: Yes. We do a lot, and so I'm
5 sure I'll do it again. I just wanted to make sure this
6 isn't something new; it's just our existing policy.
7 That's all I have. Thank you.

8 CHAIRMAN MINOW: Thank you. Thank you for
9 reading it so carefully.

10 Anyone else? Gloria?

11 PROFESSOR VALENCIA-WEBER: Just a small sort
12 of legal writers issue on page 9. Where it says, "No
13 Retaliation," to make clear in that paragraph,
14 "Reporting in Good Faith Conflicts," I suggest putting
15 "any conflicts" so that we are quite clear about the
16 difference. It's not good faith conflicts, modifying
17 conflicts, but it's talking about the behavior that
18 relates to any --

19 CHAIRMAN MINOW: A little louder into your
20 mike, maybe. So you're saying on page 9, there's a
21 paragraph?

22 PROFESSOR VALENCIA-WEBER: A paragraph,

1 "Reporting in good faith conflicts." So we want to put
2 something along the lines, "in good faith any
3 conflicts" or "potential conflicts."

4 CHAIRMAN MINOW: So the very last paragraph on
5 the page?

6 PROFESSOR VALENCIA-WEBER: Yes. Does that
7 make sense?

8 MR. FLAGG: Sure. I think the "good faith"
9 concept is important, but I think --

10 CHAIRMAN MINOW: So is "any."

11 PROFESSOR VALENCIA-WEBER: Yes.

12 MR. FLAGG: -- in good faith, "Reporting in
13 good faith any conflicts or potential conflicts," would
14 underscore the point you're trying to make.

15 PROFESSOR VALENCIA-WEBER: And then on page
16 10, just a clarification and summary, maybe, comment
17 from Jim. It refers to different bands of employees,
18 and I don't believe we've been exposed to that. Do you
19 have currently in the Corporation, just briefly,
20 different bands of employees?

21 PRESIDENT SANDMAN: Yes, we do. Our personnel
22 management system has categories of employees by band.

1 The highest band is IV. But that's something that the
2 Corporation has had for many years, as I understand it.

3 PROFESSOR VALENCIA-WEBER: That's fine.

4 MR. FLAGG: And again, that portion of the
5 policy is unchanged from the policy that's been in
6 existence at least since 2008 and probably before that.

7 CHAIRMAN MINOW: I don't know if you ever see
8 those exercises for your brain which show two pictures
9 and say, which differences are there between these two
10 pictures that look identical? We might actually put
11 this out for crowdsourcing to see if people notice
12 differences with the prior policy.

13 Victor?

14 MR. MADDOX: Thank you, Martha.

15 I wasn't sure I followed Gloria's comment
16 about good faith. Gloria, were you suggesting that we
17 should delete the qualifying phrase "good faith"?

18 PROFESSOR VALENCIA-WEBER: Oh, no, no.

19 MR. MADDOX: Okay. Then I didn't follow you.

20 CHAIRMAN MINOW: She wants to add "any." So
21 "any good faith" instead of just "good faith
22 complaints."

1 MR. FLAGG: The change, as I understand it, is
2 to say, "LSC will not discharge," et cetera, "or
3 discriminate against any employee, officer, or director
4 in any manner for reporting in good faith any
5 conflicts," or "potential conflicts," the only change
6 being the addition of the word "any."

7 MR. MADDOX: Where exactly are you reading?

8 MR. FLAGG: On page 9, fourth line from the
9 bottom, between "good faith."

10 MR. MADDOX: Page 9 of the Board book?

11 MR. FLAGG: No, no. Page 9 of the draft newly
12 formatted Code of Conduct.

13 MR. MADDOX: So how is that different from
14 what's on page 19? I see page 9; then I also see page
15 19. So we're not talking about the whistleblower
16 protection. Is that correct? Okay. Never mind. I
17 thought you were --

18 CHAIRMAN MINOW: Actually, though, it's a good
19 point.

20 MR. LEVI: Good point. The phrasing should be
21 consistent between the two nonretaliation clauses
22 because if one is read to be broader than the other for

1 some reason, that's not --

2 MR. FLAGG: I think substantively they say the
3 same thing.

4 CHAIRMAN MINOW: But if we change one, we
5 should change both, I think.

6 MR. LEVI: Yes.

7 MR. FLAGG: Well, it's not --

8 FATHER PIUS: It's not quite the same
9 grammatical phrasing.

10 MR. FLAGG: Right. Thank you.

11 CHAIRMAN MINOW: Julie?

12 MS. REISKIN: Yes. On page 8, and I'm not
13 sure if this is an issue or not, but it says that the
14 President will disclose conflicts to the Ethics
15 Officer. And I remember when we were talking about
16 reporting his expenses, it was said that the President
17 shouldn't go to an underling with something, and that's
18 why he did it to the Board.

19 So I'm wondering if the President should
20 report for that to the Board chair. I don't think
21 there's a conflict with anyone here, but I'm just
22 talking about form.

1 CHAIRMAN MINOW: I think it's an interesting
2 point, Julie, but this is not unusual because the
3 Ethics Officer is someone who has expertise in the
4 Ethics Code and sees the whole range of cases, and I
5 think it's appropriate for that to go there. It
6 doesn't preclude the President from reporting it to a
7 Board member or the chair. But I think that's not
8 inappropriate because, again, the Ethics Code is a very
9 specific body.

10 Is that your understanding, Ron?

11 MR. FLAGG: Yes. What typically happens here
12 -- and this happens a couple times a year, given the
13 size of our organization -- is somebody will say, I've
14 received a gift from somebody of this amount under
15 these circumstances; what should I do? And that
16 happens from time to time.

17 Those are issues as to which there is
18 substantial guidance, both within our own policies and,
19 by analogy, from the Office of Government Ethics in the
20 Federal Government. And certainly the President of LSC
21 is more likely than anybody else to get a gift from
22 somebody, although at this point I think Jim pretty

1 routinely has a method of distributing or making
2 available to the wider LSC community anything that he
3 gets as a gift.

4 But it's in that context that this arises, and
5 I don't think it presents -- it's not as if I'm
6 disciplining him as Ethics Officer, but just rendering
7 an opinion, in effect.

8 PRESIDENT SANDMAN: If I could add to that,
9 that's a great question, Julie. There is a check here.
10 The Code requires that I report any conflicts of
11 interest to the Ethics Officer. The Ethics Officer is
12 currently Ron, and Ron reports to me.

13 However, the Code also requires that the
14 Ethics Officer report the matter to the Board and what
15 the Ethics Officer's decision was. So the fact of my
16 disclosure of a conflict and what the Ethics Officer's
17 resolution of it was comes to the Board, and that's the
18 safeguard.

19 CHAIRMAN MINOW: Thank you, Jim. That's very
20 clarifying.

21 Any other questions or comments? Are we ready
22 to vote and approve? Subject to the checking

1 particularly of Harry's questions and making sure, I
2 think we all would be comfortable with one more
3 proofread before it goes public.

4 All in favor?

5 (A chorus of ayes.)

6 CHAIRMAN MINOW: I think it carries, and we
7 will recommend it to the full Board, although almost
8 everyone is here now.

9 A briefing on transition resources. And let
10 me just say, I just really commend Ron and Jim for
11 putting this on our agenda. The transition is, after
12 selecting our President, probably one of our most
13 important responsibilities, to make sure that all of
14 the knowledge and work that we do gets carried on.

15 So let me turn to Ron for what it is that we
16 need to know and understand, although John wants to say
17 something.

18 MR. LEVI: I just wanted to ask, so the edits,
19 will they be available for the Board meeting? Or do
20 you think that's too much pressure?

21 MR. FLAGG: No, no. Well, I think we can all
22 envision the word "any" after the words "good faith."

1 MR. LEVI: Yes. I understand.

2 MR. FLAGG: We will check to see if there is
3 any discrepancy between what the Board approved with
4 regard to any of these policies and what is in this
5 document. And if there's any material change, we will
6 create a document which indicates --

7 MR. LEVI: Well, I would just like to say if
8 you're going to change a paragraph, just give us the
9 paragraph. You don't have to give us the whole darn
10 document.

11 MR. FLAGG: Right. Yes. Right.

12 As part of the risk management process, as
13 those of you particularly on the Audit Committee know,
14 we have identified those areas of our work that we view
15 as the most significant risk, and one of those areas is
16 transitions. And here I'm talking not only about a
17 Management transition -- it could involve the President
18 or it could involve other senior members of Management.

19 I know, really, from the day I started, Jim
20 was quite keen on focusing on this issue from his own
21 experience, coming in and not necessarily having
22 available to him a relatively comprehensive set of

1 materials that would tell him what was going on.

2 Not so much now, but on occasion even now and
3 certainly more often in the past, Jim has learned some
4 pretty startling, fundamental fact that he would have
5 thought he should have known about on day one but he
6 only learned on day 687.

7 That's making a little bit light of that, but
8 this is a significant issue because our President, as
9 well as other senior members of Management, obviously,
10 should be on top of these things.

11 So what we have done here, and it's depicted
12 on one page, is pull together all of the resources that
13 would be available to a new President or to another
14 member of senior Management. And I would emphasize
15 that this is meant to be a flexible format.

16 These documents all exist. We have them
17 collected. They would be available either as an entire
18 group or a subset, electronically or in hard copy.
19 Obviously, depending on who it was that was being
20 oriented, there might be an emphasis on one set of
21 materials or the other.

22 But anybody coming in in senior Management or

1 other positions in the organization who would have
2 questions about what we do could see a list like this
3 and refer back to it. I don't envision somebody
4 necessarily sitting down and reading 12,000 pages of
5 material in one sitting.

6 But if you were a new General Counsel, for
7 example, and had questions about what our grants
8 management process was about, this sort of document and
9 the materials associated with it would steer you in the
10 right direction.

11 I would add, obviously, we have a similar
12 challenge, and it's also on our risk management matrix,
13 with respect to orienting new Boards and new Board
14 members. And hopefully, in this calendar year, we'll
15 have an opportunity to do that again.

16 I believe this Board received a ring binder of
17 materials, which we would update and probably at this
18 point in history supplement with an electronic version
19 so that depending on the preference of the individual
20 coming in, they would have a similar set of materials
21 to what you received and at least the subset of some of
22 the materials you see on this list.

1 CHAIRMAN MINOW: I think that's great. In
2 addition, I think it wouldn't be bad for each member of
3 this Board to think about what you think would be a
4 critical element of this transition package either for
5 Board members or for new senior Management.

6 We might even think about each of us
7 contributing a paragraph or a sentence or something
8 like that because I think it was somewhat of drinking
9 from a fire hose for all of us. That was my
10 experience, and it might be a way that we could pass on
11 something that we've learned.

12 Julie?

13 MS. REISKIN: I was just going to add, we just
14 had, very, very recently, for the first time a
15 communications briefing. And I would definitely have
16 communications as a topic here, as something we're --
17 what are the policies? Whatever at the time -- what's
18 the social media calendar? What's the website?
19 Communication with a bunch of bullets under there
20 should be on this list.

21 CHAIRMAN MINOW: That's a very good
22 suggestion. Very good.

1 FATHER PIUS: There's one thing, too. Maybe
2 it's on here; maybe it's under the compilation of LSC
3 policies. But even as a Board member, there's a number
4 of policies the Board has passed, even prior to our
5 Board, that I'm not even sure are still collected in a
6 way that we have access to.

7 So that's something that should certainly be
8 on there. It probably affects us more than anything
9 else because it's a policy often that is meant to
10 express the policy of the Board. But that, I think,
11 would be very useful at least to know about to an
12 incoming manager or executive, and especially to a
13 Board member.

14 MR. FLAGG: Yes. Actually, I'm glad you
15 raised that because we are trying -- and this would be
16 helpful, I think, to anybody coming in new to LSC but
17 also to existing employees -- we are trying to collect
18 and package in a much more easily digestible form all
19 of our policies in one place.

20 You're going to see that, I would think, in
21 the next quarter or so, that we're going to have
22 essentially three documents. And they will be on our

1 website, certainly on our internal website.

2 The three documents will be the Code of
3 Conduct that has just been recommended for approval,
4 the Administrative Manual, which includes policies such
5 as our contracting, our guidance on how do contracting
6 and procurement, and other policies like that,
7 operational policies. And then the third collection of
8 policies is the Employee Handbook.

9 Our goal is to have all of our policies in
10 those three places -- have all three of those sets of
11 documents in one place on our website, and then have an
12 index so that if you wanted to know, gee, what do these
13 people have to say about confidentiality, you could
14 type in "confidentiality" and get the --

15 FATHER PIUS: And is there more, really, just
16 a list? I'm sure you keep it, but a list of all the
17 Board resolutions? I don't care so much about -- I
18 like the commendation ones, but they're sort of
19 time-specific; but any of the long-term resolutions so
20 a Board member coming in can have a sense of, what's
21 the Board done for the past five years, by looking at
22 the resolutions that have been passed?

1 MR. FLAGG: Well, we have on our website all
2 of the resolutions that have ever been passed.

3 FATHER PIUS: Do you know how far back it goes
4 on the website?

5 MR. FLAGG: I'm not certain, and I don't know
6 to what extent it can be searched.

7 CHAIRMAN MINOW: We'll turn to Jim on this.
8 But first, can I ask anyone who's on the phone to mute
9 your line? That would be helpful.

10 Jim?

11 PRESIDENT SANDMAN: Yes. The point that
12 Father Pius is raising came up a few years ago. It
13 came up at the end of 2011, and we addressed it in
14 2012. It came up in connection with the creation of
15 the Institutional Advancement Committee, and it turned
16 out that there was a Board resolution that had been
17 adopted in 2008 that required that the Board approve in
18 advance any solicitation of any contribution. And we
19 found that we had gone ahead and solicited a
20 contribution without Board approval because we didn't
21 know of the existence of a Board resolution from 2008.

22 This was one of those moments where you ask,

1 what else don't I know? And as a result of that
2 experience, we did prepare in 2012 -- Vic Fortuno took
3 the lead on this -- a compilation of policies,
4 including Board resolutions. And we have that, and
5 probably now we --

6 FATHER PIUS: And that's what this 2012
7 compilation of LSC policies refers to under the legal
8 structure?

9 PRESIDENT SANDMAN: Yes. That's what that is.

10 FATHER PIUS: Okay. And then I assume that's
11 obviously updated.

12 PRESIDENT SANDMAN: Now, it may need to be
13 updated. The challenge there is just making sure that
14 those things are accessible. And probably the most
15 difficult types of policies to access are those
16 reflected in Board resolutions.

17 Board resolutions are effective unless or
18 until they're overruled by subsequent Board action.
19 And you can have a new Board that knows nothing about
20 what prior Boards did. So it's not only a matter of
21 collecting them; it's a matter of indexing them by
22 subject matter in a way that allows people to find what

1 they're looking for.

2 CHAIRMAN MINOW: Carol?

3 MS. BERGMAN: Yes. I just wanted to comment
4 on the searchability of the website. One of the big
5 challenges and the reasons that we are in the process
6 of totally revising the website is that it's not
7 searchable in the way that we all want it to be.

8 The common terminology is the taxonomy. What
9 we are doing in the new website is creating a taxonomy
10 so that all of the language that you'd want to be able
11 to search will be able to be searchable across the
12 board.

13 You may know now we actually have multiple
14 websites. They're going to be integrated into one, and
15 everything will be easily searchable so that as far
16 back as we do have material from Board resolutions or
17 anything else, the goal is to make it as user-friendly
18 and findable as possible.

19 CHAIRMAN MINOW: These sound like great
20 developments. Let me just say, though, that this
21 recent set of comments make me think there's a new task
22 for this Committee, which is to actually look at the

1 set of Board resolutions and see if there are
2 resolutions that inconsistent with one another, or that
3 have not seen the light of day in some time and really
4 need to be revisited.

5 I'm not sure who to turn to for that task, but
6 it sounds like something we should do. So we'll --

7 MR. LEVI: You have a summer intern coming,
8 don't you?

9 (Laughter.)

10 MR. FLAGG: We've got resources to address
11 that, and I think it's a good idea. It's a little bit
12 scary, not so much in the volume -- well, in addition
13 to the volume -- what we might find.

14 MR. LEVI: But once we get it done and
15 catalogued, then it's much easier to keep it up to
16 date. And as I listened to this about a new person
17 coming in and I thought, my gosh, when we arrived and
18 we had that box full of GAO reports, too, to go
19 through, it was just unbelievable.

20 Both for new employees but also for new Board
21 members, we just have to take advantage of modern
22 technology and also of our own experience and say, we

1 don't want to do this to -- we want to make it better
2 for -- and we have the opportunity to do that. I think
3 if you can make it searchable like this, it would be
4 tremendous.

5 MR. FLAGG: Right. I think the key, really,
6 is technology because again, if you just pick out
7 things that are important and say, these 78 items are
8 important and I'm going to pull them all together;
9 everybody likes to get their hands on things that are
10 important, and we hand you or a new Board member 19
11 ring binders and say, this is all important and we
12 think within the next couple weeks you ought to look at
13 this, that's not very helpful.

14 Even if you were diligent and read all 78 ring
15 binders, you would forget, unless you're better than
16 me, most of it. So what you really need is a powerful
17 and robust index so that when you get an issue, you can
18 quickly remind yourself what the policy is, what the
19 past practice is, and pull that document up quickly.

20 CHAIRMAN MINOW: I do believe that the use of
21 some of these search tools will enable someone doing a
22 review to efficiently find out, do we have multiple

1 policies, multiple resolutions that need to be
2 reconciled?

3 Charles?

4 MR. KECKLER: Yes. I think this is a great
5 project. I once did something of this nature. And one
6 of the things that I found helpful is that as you
7 assemble the basic data and you try to make a
8 compilation, in addition to having some form of what
9 you might call an executive summary of documents, which
10 often don't -- that's usually not necessary, often, in
11 the native document -- for a transition situation in
12 which somebody's reviewing a large mass of many
13 different documents, having executive summary-type
14 materials in the front piece of these documents is
15 useful.

16 But I think even more useful than that, at
17 least in my own experience, was to have something a
18 little bit different than an ordinary executive
19 summary, which is based on your experience or the
20 organization's collective experience, what are the key
21 issues in that document?

22 So that is to say, our regulations, many of

1 our regulations, don't get looked at very often at all,
2 and many others just seem to click along. Others have
3 tensions in them. Others have concerns, and back and
4 forth.

5 That's true of any set of codes or
6 administrative or accounting policies or what have you.

7 There are pitfalls or areas of controversy or areas
8 that have been changed. And I think it's just useful
9 to bullet point some of those in the preface that you
10 deliver to somebody coming in.

11 CHAIRMAN MINOW: I think that's a very
12 valuable comment. And indeed, it would be wonderful to
13 find something that's the equivalent of the heat map.
14 Where have there been lots of consultations? Where
15 have there been lots of revisions? I think that would
16 be very, very helpful.

17 I want to welcome Laurie Mikva. So glad
18 you're here.

19 Julie?

20 MS. REISKIN: Yes. Just in terms of a federal
21 agency that actually had figured out how to do this,
22 Social Security, believe it or not, on their website

1 they have -- because they have a gazillion policies and
2 court and all that. And it says on the top of it, on
3 their indexes, it'll say, this is rescinded and when,
4 and this overrode that and when.

5 So most of Social Security is not clear. That
6 particular piece is, just in terms of how it's indexed.

7 MR. FLAGG: Yes. I think we need to focus on
8 two different things. To the extent that we speak to
9 and regulate the public or our grantees, it's through
10 our regulations. I think the way our regulations are
11 packaged and presented to the public, we do as well or
12 better than the Social Security Administration. But,
13 on the other hand, the Social Security Administration
14 probably has hundred-fold the number of regulations we
15 do, so their task is much more daunting.

16 Where we do less well is on this myriad of
17 formal and sometimes slightly less formal, or in the
18 form of Board resolutions, policies that are
19 inward-looking, where we have tried to compile them.
20 And as I've described, I think what we want to get to
21 is a situation where everybody -- the public, the
22 Board, employees -- know that if you want to look for

1 an internal LSC policy, here's where you can find it.

2 It's either part of the Code of Conduct, the
3 Employee Handbook, or the Administrative Manual, and
4 that's pretty much it. These Board resolutions may
5 create -- that will probably create a set of policies
6 that are directed to the Board and to LSC Management,
7 so that may be a fourth set of guidance that we need to
8 get our arms around better.

9 MS. REISKIN: So you would just not have
10 rescinded stuff; it just wouldn't be there then so that
11 there wouldn't be confusion? Is that --

12 MR. FLAGG: Again, I think in our CFR, in our
13 regulations that are published --

14 MS. REISKIN: I'm not talking about regs. I'm
15 talking about the Board's -- the policies.

16 MR. FLAGG: Yes. Look. I think the idea that
17 some resolution that was enacted 35 years ago with
18 respect to what Board Committee has to do something,
19 yes. If it's no longer in effect, we need to keep
20 track of that. Whether we need to list it as
21 rescinded, I'm not sure. But we do need to keep better
22 track of it.

1 CHAIRMAN MINOW: Well, I think we now have a
2 new project, and I look forward to its development.
3 You're bringing back some fond memories of our own
4 orientation, and I want to say we are so lucky to have
5 Frank Strickland here. And we were, I think, given
6 incredible hand-holding when we came on.

7 But one thing that I also remember is that
8 different members of the Board come on at different
9 times. And so that makes an effort to try to come up
10 with some uniformity all the more important.

11 MR. LEVI: And I want to say that Frank and
12 his Board were particularly sensitive to this issue and
13 actually began the process. But we also had Frank
14 saying, you'd better pay attention to this, this, and
15 this. You remember that, Frank.

16 CHAIRMAN MINOW: It's really true. And it's
17 what Charles is calling for, which we -- I think we
18 should figure out some way to do something similar.

19 So there's no action item here, I take it,
20 Ron?

21 MR. FLAGG: No. The action item is we will
22 come up with a project to get our arms better around

1 these 40 years of Board resolutions and report back to
2 you on that.

3 CHAIRMAN MINOW: Thank you very much. And
4 we're just very glad to see this topic on the agenda,
5 and it does indeed address one of the risk issues that
6 we wanted to make sure is in the forefront of our
7 minds.

8 Okay. We turn to, now, the report on the
9 Public Welfare Foundation grant and Jim Sandman.

10 PRESIDENT SANDMAN: Thank you, Martha. I
11 actually want to report on our activities under two
12 different grants that we've received from private
13 foundations. The first is our Public Welfare
14 Foundation grant.

15 We're wrapping up work on the development of
16 our online toolkit for tracking outcomes in extended
17 service cases. The toolkit will provide examples of
18 outcome reporting systems that are currently used by
19 other funders and by individual grantees and will
20 provide recommendations for best practices.

21 As I've explained before, grantees will be
22 able to choose their own method for tracking outcomes

1 based on their needs and practices, and are not going
2 to have to follow a protocol that we dictate to them.

3 We did in December contract with a web
4 designer to help us with the development of the online
5 toolkit. We want something that is attractive, easily
6 navigable, and accessible to all levels of users. And
7 we're now working on getting the content into what the
8 web designer has developed for us.

9 We expect to have our product available for
10 testing in February, and we'll do a demo for the Board,
11 likely through a telephone conference, something that
12 will allow you to -- or a webinar, but we'll figure out
13 a way to allow you to access online what it is that
14 we've developed.

15 We also, as you know, received last year a
16 grant from Margaret A. Cargill Foundation, a grant of
17 \$1.2 million over two years, and we have thus far
18 received \$800,000 of that grant. The grant was to
19 develop a legal services response plan and delivery
20 system following disasters in the Midwest, and to do it
21 in coordination with other disaster relief providers
22 such as FEMA, the Red Cross, and the American Bar

1 Association's Young Lawyers Division.

2 In December we made two sub-grants, one to
3 Iowa Legal Aid in the amount of \$367,700 and the other
4 to Legal Aid of Nebraska of \$400,000. The grant to
5 Iowa is to develop mobile technology that will help
6 disaster survivors better reach legal aid programs
7 after a disaster occurs.

8 Iowa is going to partner with ProBono.net to
9 adapt its mobile template for an application that
10 provides disaster-related resources to clients and
11 attorneys, including pro bono attorneys. Iowa will
12 also be creating a multi-component toolkit for use by
13 other legal aid organizations across the country so
14 that the benefit of their work will be realized not
15 only in Iowa but nationwide.

16 Legal Aid of Nebraska is going to be creating
17 an interactive web portal and a statewide legal
18 disaster response training program for attorneys and
19 other stakeholders to better prepare Nebraskans to
20 access free legal services when disaster strikes.
21 They're going to be hosting a series of disaster
22 preparedness workshops throughout the state, and will

1 be working closely with pro bono attorneys to provide
2 free onsite legal aid services to disaster victims in
3 affected areas.

4 We selected these programs through a
5 competitive grant process. Our grantees in eight
6 Midwestern states were eligible to apply. We received,
7 as I recall, five applications and were very happy with
8 the two that we decided to make the grants to.

9 This is another example of a grant program
10 that we got up and running very quickly. I believe
11 that we got word of the award of the grant in late
12 August, and we had the grants out the door at the
13 conclusion of a competitive process in December. So
14 we're making good progress with both grants.

15 CHAIRMAN MINOW: It's terrific developments on
16 both fronts. Anyone have questions?

17 (No response.)

18 CHAIRMAN MINOW: Just the kind of expanding
19 different kinds of support, and particularly to address
20 the knowledge that we don't have. So that's really
21 excellent.

22 Okay. So any other business?

1 (No response.)

2 CHAIRMAN MINOW: Public comment?

3 (No response.)

4 CHAIRMAN MINOW: So I'd like to entertain a
5 motion to adjourn this Committee meeting.

6 M O T I O N

7 MR. LEVI: So move.

8 FATHER PIUS: Second.

9 CHAIRMAN MINOW: All in favor?

10 (A chorus of ayes.)

11 CHAIRMAN MINOW: Very good. Thank you.

12 (Whereupon, at 2:25 p.m., the Committee was
13 adjourned.)

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