

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

MEETING OF THE  
OPERATIONS AND REGULATIONS COMMITTEE

OPEN SESSION

Saturday, April 17, 2010

12:11 p.m.

Sheraton Tucson Hotel & Suites  
5151 East Grant Road  
Tucson, Arizona 85712

COMMITTEE MEMBERS PRESENT:

Thomas R. Meites, Chairperson (by telephone)  
Jonann C. Chiles (by telephone)  
Robert J. Grey, Jr.  
Charles N.W. Keckler  
Laurie I. Mikva  
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Sharon L. Browne  
Thomas A. Fuentes  
Victor B. Maddox  
Martha L. Minow  
Hon. Sarah M. Singleton

## STAFF AND PUBLIC PRESENT:

Victor M. Fortuno, Interim President and General Counsel  
Kathleen Connors, Executive Assistant to the President  
Patricia Batie, Acting Corporate Secretary and FOIA Officer, Office of Legal Affairs  
David L. Richardson, Treasurer and Comptroller, Office of Financial and Administrative Services  
Mattie Cohan, Senior Assistant General Counsel, Office of Legal Affairs  
Karen J. Sarjeant, Vice President for Programs and Compliance  
Charles Greenfield, Program Counsel III, Office of Program Performance  
Charles Jeffress, Chief Administrative Officer  
Jeffrey E. Schanz, Inspector General  
Joel Gallay, Special Counsel to the Inspector General, Office of the Inspector General  
Laurie Tarantowicz, Assistant Inspector General and Legal Counsel, Office of the Inspector General  
Thomas Coogan, Assistant Inspector General for Inspections, Office of the Inspector General  
Ronald "Dutch" Merryman, Assistant Inspector General for Audit, Office of the Inspector General  
David Maddox, Assistant Inspector General for Management and Evaluation, Office of the Inspector General  
John Constance, Director, Government Relations and Public Affairs Office  
Stephen Barr, Media Relations Director, Government Relations and Public Affairs Office  
Alice Dickerson, Director, Office of Human Resources  
Julie Reiskin, LSC Board Nominee  
Gloria Valencia-Weber, LSC Board Nominee  
  
Anthony Young, Executive Director, Southern Arizona Legal Aid, Tucson, Arizona  
  
Don Saunders, National Legal Aid and Defenders Association (NLADA)  
Robert Stein, Standing Committee on Legal Aid & Indigent Defendants (SCLAID), American Bar Association  
Linda Perle, Center for Law & Social Policy (CLASP)

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

(12:11 p.m.)

CHAIRMAN MEITES: I will call to order the ops and regs committee. I'll accept a motion to approve the agenda.

## M O T I O N

PROFESSOR KECKLER: So move.

MS. CHILES: This is Jonann Chiles I move to approve the agenda.

CHAIRMAN MEITES: Is there a second?

PROFESSOR KECKLER: Second.

CHAIRMAN MEITES: The agenda's approved.

Next I'll accept a motion to approve the minutes of the committee's open session meeting of January 30, 2010.

## M O T I O N

PROFESSOR KECKLER: So move.

MS. CHILES: Jonann Chiles. I move to approve the minutes of the committee's open session meeting of January 30, 2010.

CHAIRMAN MEITES: Is there a second?

PROFESSOR KECKLER: Second.

CHAIRMAN MEITES: Okay. And right before we plunge into the substantive agenda, let me call the roll. This is Thomas R. Meites, the chairman. Who else is present?

MS. CHILES: Jonann Chiles.

PROFESSOR KECKLER: Charles Keckler.

MR. GREY: Robert Grey.

CHAIRMAN MEITES: Laurie Mikva is there or not there?

DEAN MINOW: Not at this minute.

CHAIRMAN MEITES: All right. The next item is -- on the agenda is a closed session with regard to a briefing on LSC's 2010 contract with the center for Legal Aid Education.

MR. FORTUNO: No. Tom?

CHAIRMAN MEITES: This item was proposed by Ms. Chiles. Before we take any action on it, let me ask her if she has any comments.

MR. FORTUNO: Tom, if I may, I think that the agenda that you're looking at is the wrong agenda.

CHAIRMAN MEITES: All right. I'm ready to use the

right agenda if you tell me what it says.

MR. FORTUNO: Pat Batie is coming up to the table now.

MS. BATIE: Chairman Meites, good afternoon. This is Pat Batie. The agenda that you have is not in the board book, unfortunately is not the agenda submitted to the Federal Register. So you are, in fact, not yet ready to go into closed session.

You have a presentation by Mattie Cohan on the Draft Final Rule to amend 1642, then you have a staff update on GAO reviews, public comment, and then you go into closed session, which you may want to do after the lunch break.

CHAIRMAN MEITES: What happened to item No. 4 on the agenda we received, consider and act on staff report on LSC's 2010 contract with the Center for Legal Education? Has that been deleted?

MS. BATIE: I believe that is going to be discussed in closed session.

CHAIRMAN MEITES: Those two items have been put

together, and they will be considered in closed session.

All right. With that new agenda, I'm going to have to ask for another motion to approve the agenda as revised. Is there such a motion?

M O T I O N

MS. MIKVA: I move that we approve the agenda as revised.

CHAIRMAN MEITES: A second?

MS. CHILES: Second.

CHAIRMAN MEITES: All right. Any discussion on the revised agenda?

MS. MIKVA: It's not revised. It was a public --

MR. GREY: Tom, this is Robert. I think that the way Vic described it, this was not -- the agenda that you had was not the one that was published, so it's not really a revision of the agenda. I think what we approved is what we were looking at, which is the agenda that was published.

CHAIRMAN MEITES: Well, you're all ahead of me, then, because all I have is the agenda in the board book. But if you all understood that you were approving the agenda

that Pat Batie just outlined, if that's correct, then there's no reason to approve a revised agenda.

Vic, do we have to approve a revised agenda? Where are we at?

MR. FORTUNO: No. I think that, as I understand it, the agenda that was actually published in the Federal Register has been adopted. And I think that you can proceed to your first agenda item, which would be -- have you approved the minutes yet?

MS. MIKVA: Yes.

CHAIRMAN MEITES: Yes, we have.

MR. FORTUNO: And then I think the first substantive agenda item is consider and act on Draft Final Rule to amend Part 1642.

CHAIRMAN MEITES: Okay. Well, if there's no need for that motion --

MR. FUENTES: Chairman Meites?

CHAIRMAN MEITES: -- then if the proposer will withdraw it?

MS. MIKVA: I will withdraw it.



CHAIRMAN MEITES: Then let's proceed.

MR. FUENTES: Chairman. Tom. Tom Meites, Tom Fuentes speaking.

CHAIRMAN MEITES: Yes, sir.

MR. FUENTES: The agenda that I see is this white piece of paper. And it see where it says, consider going into a closed session. Where is that? Am I --

MS. MIKVA: The closed session?

MR. LEVI: At the bottom.

MR. FUENTES: But where is the action for that?

MR. FORTUNO: The approval of a closed session for a committee has to be that of the board. And what happened was the board held a vote to authorize the --

MR. FUENTES: That was the breakfast time?

MS. MIKVA: That was the breakfast.

MR. FUENTES: Oh, all right. I thought that was for board. Excuse me. Thank you.

CHAIRMAN MEITES: Tom, are you satisfied?

MR. FUENTES: Yes, sir.

CHAIRMAN MEITES: All right. Then let's continue

with item -- staff report by Mattie Cohan on the -- consider and act on Draft Final Rule to amend 45 CFR Part 1642, as well as 09 and 10, to repeal the prohibition on claiming, collecting, and retaining of attorneys' fees. Mattie, please introduce yourself.

MS. COHAN: Thank you. Again, I am Mattie Cohan, senior assistant general counsel with the Legal Services Corporation.

What you have in front of you, with a recommendation that the committee recommend to the board, the adoption and publication of a final rule. This follows the publication and adoption of an interim final rule, which happened after the last board meeting. The interim final rule has actually been in effect since March 15th, which repeals Part 1642 of the Corporation's regulations, which contained the prohibitions on claiming, collecting, and retaining attorney's fees.

The interim final rule also did a couple of other things. There were provisions on recovering costs, reimbursement of costs from clients, which is not an

attorney's fee. But there was a provision on that to make that clear in 1642. And there was a provision in 1642 on accounting for the use of attorney's fees. Those two provisions have been retained and have just been moved to part 1609, which is where they came from prior to the adoption of 1642. So they just kind of went back where they came from. Plus there were two technical changes to 1609 and to 1610 removing now obsolete references to the statutory and regulatory attorneys' fees restriction.

We received nine public comments in response to the interim final rule, all of which said, great. Keep it up. Just do what you're doing. Adopt the interim final rule. Make that a final final rule without any additional changes.

One comment did ask for a couple of technical clarifications in the preamble, like one of them was to provide a little bit more background on the reference to the provision on use of attorney's fees. So there's a footnote now in the preamble which actually references the prior discussion of that.

Otherwise, management is recommending that the interim final rule be made a final final rule; basically,

that we're not doing anything different and we're not asking the board to do anything different than the board had done last time.

MS. MIKVA: But that requires publication?

MS. COHAN: It does require publication, yes.

CHAIRMAN MEITES: All right. Any questions from the committee or from members of the board?

(No response.)

CHAIRMAN MEITES: Well, Mattie, I thank you for your report. And as you said, we are, as I understand it, merely taking next step on the path that we determined at the last board meeting. Is that correct?

MS. COHAN: That's correct.

CHAIRMAN MEITES: All right. Hearing no comment from the committee or the board, I will open this to public comment. Is there any public comment?

MS. COHAN: Public comment is coming, Tom.

CHAIRMAN MEITES: Okay.

MS. PERLE: This is Linda Perle from CLASP. My comment is very brief, which is that we are totally --

CHAIRMAN MEITES: Wait. Identify yourself, please.

MS. PERLE: Oh, I think the mike was off. Linda Perle from CLASP.

CHAIRMAN MEITES: Go ahead.

MS. PERLE: My comment is simply that we are totally supportive of this action, and that's it. And I'd certainly be happy to answer any questions about the field's perspective. But I have had a lot of conversation with members of the field, and they're all supportive of this action. So thank you.

CHAIRMAN MEITES: Okay. If there's no other public comment, I will accept a motion that this committee recommend to the board the adoption of the proposed amendments.

M O T I O N

MS. MIKVA: This is Laurie Mikva. I would so move.

CHAIRMAN MEITES: Pardon me? Was that a motion?

MS. MIKVA: Laurie Mikva. I would so move.

CHAIRMAN MEITES: Is there a second?

MS. CHILES: Second.

CHAIRMAN MEITES: All right. Any discussion?

(No response.)

CHAIRMAN MEITES: No discussion. All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN MEITES: Any opposed?

(No response.)

CHAIRMAN MEITES: All right. That will be our recommendation.

The next item is a staff -- we're going to finish this before lunch, by the way -- the next item is a staff update on GAO reviews. Who is making that presentation?

MR. CONSTANCE: Mr. Chairman, this is John Constance, for the record, director of government relations and public affairs. I'll be making that report.

CHAIRMAN MEITES: Hang on one second, John. I have to find it in my -- I don't have a tab on that. Is that correct? Is there a text that we received?

MR. CONSTANCE. No. That would be correct. I have sent you an e-mail of a chart, and I'm passing that chart out even as we speak here.

CHAIRMAN MEITES: Okay.

MR. CONSTANCE. And Vic Fortuno, who doesn't realize it, is going to pass that out for me. Thank you very much.

CHAIRMAN MEITES: Oh, sure. You did send it to me.

MR. CONSTANCE. I did?

CHAIRMAN MEITES: It's right in front of me. All right.

MR. CONSTANCE. Approximately six minutes ago, Mr. Chairman.

CHAIRMAN MEITES: Well, one thing before you start, John. For our new board members, can you take a minute and just tell us all what the GAO is, what its relation is to Congress and relationship to us?

MS. CHILES: I will do that, Mr. Chairman. Government Accountability Office is the investigatory arm of Congress. There was a time in my life where it required the action by a committee of Congress to charge GAO to undertake a review or a study of a program. Over the years, it has evolved to the point where one member of Congress can do

that.

In the case of LSC, we have had a combination of requesters, most frequently Senator Grassley, but he has been joined in some earlier requests by the chairman and ranking member of our oversight committees. We have been, I think, very, very appropriate in our response in terms of everything we have done with GAO during my tenure here.

I had the opportunity to be the GAO liaison officer for the National Archives for about 10 years, so I have some experience in working with him. And I think all of our dealings with them have been exemplary in terms of the board's approach and management's approach to their recommendations.

Does that fulfill what you're --

CHAIRMAN MEITES: That is quite helpful. Why don't you then bring us up to date on what they are currently asking us about and what our --

MR. CONSTANCE. I will do that, Mr. Chairman. The GAO -- what you have in front of you in terms of the chart that I've passed out really covers the first part of what I'm



going to present today. And that is the follow-up on the 2007 reports that GAO had provided.

GAO made a total of 17 recommendations in in touch with two reports issued to LSC in 2007. The first of those reports was, "Legal Services Corporation: Governance and Accountability Practices Need to Be Modernized and Strengthened." That was issued in August of 2007. And the second report was, "Legal Services Corporation: Improved Internal Controls Needed in Grants Management and Oversight." That was issued in December of 2007.

LSC accepted all of the recommendations included in those two reports, as did the board, and we continue to work with GAO to ensure that all of the recommendations are completed to their satisfaction. According to GAO, LSC has fully implemented 11 recommendations and partially implemented the remaining six.

We've provided additional documentation on four of those six items, which we feel we have completed, and they are currently under review by GAO. These include a comprehensive orientation program for new board members at

LSC; risk-based criteria for selecting grantees for internal control and compliance program visits; guidance for performing follow-up on responses from grantee interviews; and policies that clearly delineate organizational roles and responsibilities for grantee oversight and monitoring, including grantee internal controls and compliance. That was alluded to in a previous meeting of board committees today.

LSC continues to work on the last two items that remain open, and I would say that both of these have been at least partially, if not fully, acted on already today. One of those is a periodic self-assessment of the board's committees, and second of all, ensuring a periodic evaluation of key management processes by the board's audit committee.

LSC expects that all of the recommendations will be fully implemented and closed out by the GAO by the end of this year, and we have publicly reported that, not only to GAO, but to our oversight committee in the House last October in a public hearing.

So that's where we stand on those two. I think I may want to just pause there before talking about the current

GAO review to see if there are any questions about what I've just said.

CHAIRMAN MEITES: Are there any questions either from the committee or the board on what John has presented so far?

DEAN MINOW: It's Martha Minow --

CHAIRMAN MEITES: Whoever spoke, go ahead.

DEAN MINOW: Martha Minow. I have a brief question. So from the governance committee, we did this morning approve the recommendation of undertaking committee evaluations. I wonder, is that sufficient for satisfying the GAO, or do we have to wait for the first round of those evaluations to come in?

MR. CONSTANCE. A very good question. I would say that it's been my experience with GAO in terms of their current practice that they are going to expect to see at least the first round of those evaluations.

One of the things that was a little bit of a communication issue between us and GAO in terms of these reviews is when they have said "partially implemented" in a

number of cases, we have already changed the policy of the Corporation. We already promulgated some kind of a new item to do that. They wanted to see us run around the track a couple of times under that new policy. And I would assume that even when we provide this documentation, they'll want to see the December 15th results.

CHAIRMAN MEITES: Martha, does that answer your question?

DEAN MINOW: Yes. Thank you.

CHAIRMAN MEITES: Any other questions for John up to this point of his presentation?

(No response.)

CHAIRMAN MEITES: All right, John. Why don't you continue?

MR. CONSTANCE. Okay. Thank you, Mr. Chairman.

The GAO began a review of LSC's OPP and OCE operations and performance measurements in June of 2009. To date, LSC has provided more than 6,000 pages of documentation in response to more than 130 requests for information associated with that request.

An exit conference between GAO and LSC staff was held on April 6th to discuss preliminary findings by the GAO, and they presented at that time a total of 17 recommendations that will be included in their draft report.

GAO has informed LSC that a draft report will be provided to management during the week of April 12th. That's what was reported to us as part of that exit interview. As you are well aware as a board, that deadline has not been met. We're hopeful that by the first of the week, we will all have seen a draft report at that point.

LSC will have -- from the time that we receive the draft report, we will have two weeks to make a management response to the report, which is always included in the final report. And the final report will be issued 30 days after we receive the draft report from GAO.

So that's the time clock. We would have hoped that the board would have had the opportunity to read the draft report, and we would have had the planned morning briefing yesterday morning. Unfortunately, that did not occur, so we are at this point awaiting the receipt of that draft report.

I would say that, to tell you a little bit more about the process, these exit interviews that are conducted with management with GAO reports are not a one-way street. They are a dialogue. And we had a close to two-hour, I think, dialogue with them associated with that exit interview, where other evidence was brought to the table. There were some push-backs. There was some discussion about clarification.

GAO then goes to the requester, in this case Senator Grassley and Senator Grassley's staff. They have a similar conversation. And out of those conversations, we then see the draft report that comes to us, and we are then given an opportunity to respond.

So that's where we are right now, Mr. Chairman, regarding the most current report.

CHAIRMAN MEITES: John, I have a question for you. Can you remind us of whether either the board or our committee reviews management's response before it goes to the GAO? Have we done that in the past or not?

MR. CONSTANCE. Mr. Chairman, I would say this,

that if you recall, the previous GAO reports had a combination of recommendations to management as well as recommendations to the board. For that reason, there was a board response and there was a management response to the previous recommendations. Obviously, the board was reviewing and determining whether they wanted to accept those responses, and management was likewise providing input regarding the GAO report.

So in those cases, there was a review in terms of what the final submission was going to be. Those are the only two experiences that I have with the Corporation. I think that is an open question as to whether the board would like to see what management is going to respond. And again, assuming that we could get a rapid turnaround on that, that would be -- we would certainly be able to accommodate that.

But the window is that -- is two weeks. So that would be the only challenge.

CHAIRMAN MEITES: Since it would be the board rather than just this committee that would respond, let me ask John Levi if he has any views on this.

MR. LEVI: Well, I think we would like to see it. But I'm hoping that we can actually still have the report and the briefing occur when -- depending on people's schedules. I guess you have no information whether it's even coming next week. Is that --

MR. CONSTANCE. No. Mr. Chairman, I would say that as to their schedule, we don't really know what that schedule is at this point. I would also say that I would be more than happy to push back on the issue of the schedule based on their inability to get us the report, with all due respect, in a timely fashion, and possibly our ability, then, to coordinate with the board. After the board has had what will, I assume now, be a telephonic opportunity for a briefing from GAO, we can move forward.

MR. LEVI: So is the 14 days from the time of the telephonic before with us or from --

MR. CONSTANCE. From the receipt of the draft report.

MR. LEVI: Well, then we will have to schedule a very quick turnaround there.



And then the question I have for you, Vic, is if management does have a draft report that they wish to circulate to us, is that subject to sunshine?

MR. FORTUNO: Circulating it wouldn't be. If the board wish to provide some formal input, provide some direction, then I think it would be subject to sunshine.

But I think, at the very least, once we get the report draft, we circulate it. We try to get a briefing scheduled for as soon as possible. We also try to get our draft response to the board as quickly as possible.

You then have an opportunity to decide whether having been provided the draft is sufficient, or whether you want to have a meeting. And we could at that point schedule a meeting. Because of the timing, we'd be able to do it on less than seven days' notice. Sunshine does provide for that, so that there is --

MR. CONSTANCE. Could I add one thing? There is a third option that I would only offer up, and that is short of having a meeting, we would certainly accept individual comments from board members that we could then take the

responsibility of reviewing and making a determination --

MR. LEVI: I think that'll be out of --

MR. GREY: Let me suggest something. Timing is important in a situation like this. It might be helpful for management to get the reaction of the chair, vice chair, and the chair of ops in reviewing it. If a red flag comes up and you think that the board needs to react to it, you'd have the ability to do that. But otherwise, we could move along and --

MR. LEVI: Well, what I would suggest is that the draft go to everyone.

MR. GREY: Oh, sure.

MR. LEVI: But that the questions go to the chair of ops and regs because for one reason, Tom, you have been on the watch for a long time. And then you can just determine the gravity of the questions, and we can go from -- I think we'll feel our way a little bit there. And if we need to have a meeting, we will. But maybe we won't. But I do think --

MR. CONSTANCE. We would be happy to facilitate

that with Tom.

MR. LEVI: All right. I do think, though, that in terms of the draft response, because we are a new board, we might like a briefing from you, or make it available, so that we can understand it.

MR. CONSTANCE. Sure.

MR. LEVI: Because we may otherwise not.

MR. CONSTANCE. I think it would be helpful for you to have the draft and for us to be able to brief you on it. And that, of course, wouldn't require a meeting notice and all the rest of that.

CHAIRMAN MEITES: John, let me make a suggestion. After management's response is circulated, why don't you and I just talk and see where I'm at and where you're at and kind of decide whether it looks like the issues are of sufficient -- not gravity, but sufficiently complex that we might want to call the whole board, or if they're just kind of interim reports which aren't really groundbreaking. Does that make sense?

MR. CONSTANCE. We certainly would be willing to do

that if that works for the committee.

MR. LEVI: Makes sense to me.

JUDGE SINGLETON: I wanted to --

CHAIRMAN MEITES: All right. Let's do --

MR. LEVI: Wait. Sarah is --

CHAIRMAN MEITES: Go ahead, whoever's speaking.

Identify yourself and go ahead.

JUDGE SINGLETON: Yes. This is Sarah Singleton. I wanted to ask John to remind everyone of the embargo provisions that surround that draft report, just so that we don't inadvertently do anything we don't intend to.

MR. CONSTANCE. When we receive the copy of the draft report, it is in fact embargoed in terms of any kind of public disclosure at that point. And as long as everyone plays nice, that works, until such time as the report is leaked.

I think I might have mentioned to one of the board members the strangeness of this process, in that if the report is leaked, then it is automatically publicly announced by the GAO. They then go ahead and automatically release the

report, unfortunately with or without LSC comment at that point. And then they do an amended report at such point.

So it is clearly in our interest as a Corporation to follow those rules so that we are able to get our corporate input and have that published with the report. So yes, it is embargoed, and it is embargoed until it's released. We usually get 24 hours' notice before it is released by them.

And again, it's at a 30-day -- 30 days is the earliest, I should add -- 30 days from our receipt is the earliest that it can be released. It's really at the determination of GAO and the congressional requester when it is released, and we get a 24-hour notice on that, typically.

CHAIRMAN MEITES: Let me make this suggestion. When the board members get the draft report and management's draft comments, if you have comments, rather than send it to me, you send it to John so he can get everything together.

JUDGE SINGLETON: Which John?

MS. MIKVA: John Constance.

CHAIRMAN MEITES: And then John, you distribute to

John Levi and me, and we'll take it from there.

MR. CONSTANCE. To which John are you referring?

CHAIRMAN MEITES: To John Constance.

MR. CONSTANCE. Okay. Thank you.

CHAIRMAN MEITES: You gather the comments and get them organized and send them to John Levi and me, and we'll proceed.

MR. FUENTES: Chairman Meites, Tom Fuentes speaking, not as a member of your committee but as a member of the board. You're speaking, of course, of our hope that nothing is so elevated that it requires coming together. And you've spoken of the potential of a telephonic meeting.

CHAIRMAN MEITES: Oh, absolutely.

MR. FUENTES: My own --

CHAIRMAN MEITES: In fact, Tom, what I anticipate is most of the management response is, we're going to be working on this. And so there really will be very little for the board to get its teeth into. But it's possible that there will be some issue or issues that management is prepared to make a substantive response to, and I think we

have to be prepared for that.

MR. FUENTES: True. And my comment, Tom, is that having experienced telephonic meetings through the years and the far less effective dialogue that happens when we're all on telephones as opposed to looking at each other, if there is gravitas to this, I think that we really need to keep an open mind to the potential for a new board to come to Washington. I hope that's certainly not the case, but don't rule that out, if there's a need.

CHAIRMAN MEITES: Oh, not at all. In fact, that's why I refer this to John Levi. I think that of course is something that would be in his province to determine.

DEAN MINOW: Mr. Chair, it's Martha Minow. I'd like to make a comment, too. I'm not a member of the committee.

It does strike me that this response will be the first moment of a nearly complete new board to appear before Senator Grassley. And I have no idea what this report will say, but I think that the response should include the statement, there's a new board in formation and we look

forward to working with him and addressing in a vigorous way not only the most recent issues but a larger that we will review. Because we're engaged in a serious review of the past issues that have been confronting the Corporation.

PROFESSOR KECKLER: This is Charles Keckler. Just to add onto this, partially following up with that point, in considering whether or not there needs to be a board meeting on the response, after we get the briefing and we see the report and we see a draft of management's response, whether or not we then should deliberate in some manner on that.

I think, as you think about that, think about how that impression is going to happen. And the fact that we don't have the meeting in effect gives the implicit approval of it. Right?

I mean, in effect there's been maybe not technical deliberation, but there's been some thoughts sent to various sort of people, our own personal thoughts about it. And it certainly would give the impression that we approve it. We've seen it. We've received a briefing on it. And we've let it go forward.



So I think that there would be a message that would be sent, at least implicitly, even if the board does not formally deliberate regarding management's response. So that's something to keep in mind about how to proceed procedurally on that.

MS. CHILES: This is Jonann Chiles. I do think it's very important for the board at some point to convey some type of statement to the requesters evidencing our taking this report seriously, our intention to follow up on the GAO's report.

As Dean Minow said, this is a new board. It's going to be looking back on previous GAO recommendations and making sure that those recommendations continue to be implemented, followed up, monitored, what have you. I think that would go a long way to repair our relations with Senator Grassley.

CHAIRMAN MEITES: All right. Well, John Levi, is that useful for you? Because it's your decision, of course, whether to call a board meeting on this. Does that give you the background you need?

MR. LEVI: Well, I think we should proceed as you earlier discussed. We'll get the report, we'll get management's comments, and then you and I, based on conversations with the rest of the board, will decide whether a meeting's necessary.

I can see both sides of this issue. Not having a meeting may send a message. But having a meeting, I don't want a new board to also appear to have taken steps where it's not informed. And there's a concern that I have in a two-week period where we're in a flat dash here.

So there's a limit to what we can do, in any event. But we certainly want to convey the seriousness of this board's determination to satisfy Congress, or any of these requesters, that we are taking all appropriate steps to get to the bottom of any issues raised by GAO and solve them.

So let's see what happens. I think we can take -- I think we're all on the same page here. That's my view.

CHAIRMAN MEITES: All right. With that, I think, unless someone on the committee has further comments, why don't we just proceed along those lines and move on.

(No response.)

CHAIRMAN MEITES: All right. Hearing no more comments, I'll move to the next item in the agenda, which I believe is the closed session. Is that correct?

MS. CHILES: Tom, the next item is public comment.

CHAIRMAN MEITES: I'm sorry.

MS. CHILES: And just so you know, Pat Batie said that she has e-mailed a copy of the agenda to you. So if you have access to your e-mail --

CHAIRMAN MEITES: All right. Let me just -- yes, I do have it.

All right. Is there any public comment on the matters that have come up before this committee this morning?

(No response.)

CHAIRMAN MEITES: Hearing no public comment, is it time to adjourn for lunch?

MR. LEVI: Yes.

CHAIRMAN MEITES: All right. Why don't we adjourn for lunch, and then after lunch, the board can -- we can move into closed session.

MR. LEVI: Well, let me ask -- I'm asking Mr. Fortuno. How long is the closed session going to take?

MR. FORTUNO: I don't imagine it's going to take very long, five, ten minutes, maybe.

CHAIRMAN MEITES: It's up to you all. I already had my turkey sandwich.

(Laughter.)

MR. LEVI: Then let's just do the closed session, and then we will have lunch, and then have the finance communicating.

CHAIRMAN MEITES: All right. Vic, why don't you tell the board what steps are to be taken at this time.

MR. FORTUNO: Okay. I think that you will have to hang up and then dial in using the number for the confidential session.

CHAIRMAN MEITES: Great. Well, does the board vote us into closed session first?

(Whereupon, at 12:47 p.m., the committee was adjourned to executive session.)

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