

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE GOVERNANCE &
PERFORMANCE REVIEW COMMITTEE
OPEN SESSION

Friday, January 29, 2010

1:07 p.m.

Legal Services Corporation
3333 K Street, N.W.
3rd Floor Conference Center
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT:

- Thomas R. Meites, Chairman
- Herbert S. Garten
- Michael D. McKay
- Frank B. Strickland, ex officio

OTHER BOARD MEMBERS PRESENT:

- Jonann C. Chiles
- Thomas A. Fuentes
- Laurie Mikva
- Bernice Phillips-Jackson

STAFF AND PUBLIC PRESENT:

- Victor M. Fortuno, Interim President and General Counsel
- Katherine Ward, Executive Assistant, Office of Legal Affairs
- Mattie Cohan, Senior Assistant General Counsel, Office of Legal Affairs

1 STAFF AND PUBLIC PRESENT:

2 Mark Freedman, Senior Assistant General Counsel, Office
3 of Legal Affairs

4 Karen J. Sarjeant, Vice President for Programs and
5 Compliance

6 Charles Jeffress, Chief Administrative Officer

7 Jeffrey E. Schanz, Inspector General

8 Laurie Tarantowicz, Assistant Inspector General and
9 Legal Counsel, Office of the Inspector General

10 Thomas Coogan, Assistant Inspector General for

11 Inspections, Office of the Inspector General

12 Daniel Sheahan, Program Evaluation Analyst, Office of
13 the Inspector General

14 Stephanie Edelstein, Program Counsel III, Office of
15 Program Performance

16 Monica Holman Evans, Program Counsel III, Office of
17 Program Performance

18 Charles Greenfield, Program Counsel III, Office of
19 Program Performance

20 Evora A. Thomas, Program Counsel III, Office of Program
21 Performance

22 John Constance, Director, Government Relations and
Public Affairs Office

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

John C. Meyer, Director, Office of Information
Management

John G. Levi, Board Nominee

Sharon L. Browne, Board Nominee

Charles N.W. Keckler, Board Nominee

Julie A. Reiskin, Board Nominee

Gloria Valencia-Weber, Board Nominee

Richard Zorza, Zorza Associates

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

Erik L. Barron, Standing Committee on Legal Aid &
Indigent Defendants (SCLAID), American Bar
Association

Julie Strandlie, Standing Committee on Legal Aid &
Indigent Defendants (SCLAID), American Bar
Association

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

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20 . New board training plan for 2010 16

21 Victor Fortuno, Interim President and

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

(1:07 p.m.)

CHAIRMAN MEITES: All right. I will call to order the 1:00 a.m. (sic) meeting of the Governance & Performance Review Committee.

MR. McKAY: P.M.?

CHAIRMAN MEITES: P.M. Members present are Mr. Garten and Mr. McKay and myself.

I will accept a motion to approve the agenda.

M O T I O N

MR. McKAY: So move.

MR. GARTEN: Second.

CHAIRMAN MEITES: It's approved.

Next we have minutes, items 2 and 3, of our meetings of October 31st and November 30th. Why did we have -- wait a second. Okay. Hang on. Oh, yes. Okay. That's fine.

All right. I'll accept a motion to approve both sets of minutes.

MS. CHILES: So move.

CHAIRMAN MEITES: You're not on this committee.

1 MR. McKAY: Excuse me.

2 CHAIRMAN MEITES: You are on this committee.

3 M O T I O N

4 MR. McKAY: I move to amend the minutes.

5 CHAIRMAN MEITES: Okay. Go ahead.

6 MR. McKAY: Page 83, I noticed a pattern where
7 it was reflected, when a member participated by phone
8 on page 83 --

9 CHAIRMAN MEITES: Yes.

10 MR. McKAY: -- it indicated that I was there
11 in person. But if you look at the other minutes
12 throughout the board book, you'll see that when people
13 called in, it was by telephone. So I'd ask that the
14 minutes be amended; on page 83, where it indicated I
15 was present, that a parenthetical be added after my
16 name indicating I participated by telephone on
17 November 30th.

18 CHAIRMAN MEITES: Okay. We'll accept that
19 motion. And as amended, do I have a motion to approve
20 it?

21 //

22 //

M O T I O N

1
2 MR. GARTEN: So move.

3 CHAIRMAN MEITES: Second?

4 MR. McKAY: Second.

5 CHAIRMAN MEITES: Second. And all in favor?

6 (A chorus of ayes.)

7 CHAIRMAN MEITES: Good. We are now on item
8 No. 4, which is consider and act on self-assessment
9 documents for 2009. And John, are you here?

10 MR. CONSTANCE: I sure am.

11 CHAIRMAN MEITES: Come forward. John and I
12 had a brief discussion, and I think that we determined
13 that since John is familiar with the self-assessment
14 results, that it would be more fruitful for John to
15 present a summary of them, and then open the floor to
16 comments.

17 So John, go ahead.

18 MR. CONSTANCE: Thank you very much,
19 Mr. Chairman. For the record, I'm John Constance,
20 director of government relations and public affairs for
21 LSC, and have been serving for a couple years as the
22 staff support and liaison to this committee.

1 As you will recall from our October meeting,
2 we passed out copies of the assessment forms. And we
3 received self-assessment responses from seven of the
4 ten members of the current board. As I shared with
5 your chairman, we had a great idea of anonymous
6 responses, but that made identifying those to follow up
7 with a bit complicated, to say the least, in some
8 cases. So I would offer for your consideration a
9 revisiting of that idea for my purposes.

10 As you will recall also, there is an
11 individual self-assessment regarding your individual
12 performance as a board member, and then a separate
13 assessment of the overall board performance. The
14 former is designed really to prepare for board training
15 in terms of the assessment of board members feeling
16 that they need help or additional guidance in certain
17 areas. And the overall board performance is really
18 directed more toward goal-setting for the next year.

19 On the individual self-assessment document,
20 just as Chairman BeVier had reported last year, as a
21 veteran board you feel universally knowledgeable about
22 roles and skills necessary to carry out those

1 responsibilities again. Not any gaps that you feel
2 need to be filled at the present time with training.

3 Obviously, the elephant in the room here is
4 the transition nature that we are in right now. But I
5 think that the board clearly felt very, very strongly
6 about knowledge of most every area.

7 CHAIRMAN MEITES: I believe that the new
8 nominees, or some of the new nominees, may object to
9 the term "elephant in the room."

10 (Laughter.)

11 MR. CONSTANCE: Well, you know, Director
12 McKay, I made that mistake at a private briefing once,
13 and now here I have carried it right into a public
14 performance. So my apologies. No more animal
15 orientations.

16 CHAIRMAN MEITES: You haven't insulted me.

17 MR. CONSTANCE: Yes. I'll work "donkey" in in
18 a moment here.

19 Anyway, a new board is clearly going to see
20 more utility in this instrument. I'm sure that was
21 discussed by your chairman with them in the briefing
22 this morning. After going through the kind of

1 orientation that the nominees went through yesterday,
2 I'm sure looking at that and trying to figure out where
3 the gaps are, where they would desire more information,
4 would make this instrument helpful in the future.

5 In the area of recommendations that came out
6 of that, as I described to you, Mr. Chairman, they are
7 in two categories, one more philosophical, one more,
8 you know, shall we say nuts and bolts or more specific.

9 In the specific areas, the recommendations
10 included a better meeting structure so that the board
11 members do not have to sit through all committee
12 meetings and then board meetings on the same topics; a
13 need for more regular interaction with the president,
14 CEO, and management team, and regular contact with
15 other directors.

16 A need for better in-person attendance by all
17 board members was one comment. And another one that I
18 would say is, you know, more specific but also, you
19 know, one could put this in either category, and that
20 is the feeling that there needs to be a better flow of
21 information from LSC management to the board. That
22 was -- that was repeated by a couple of the board

1 members, and I would put that in really either
2 category.

3 And again, there was another sentiment that
4 was expressed that the Corporation should not be quite
5 as Washington-centric in terms of receiving input, and
6 should be more universal in terms of looking at all
7 organizations across the country in that regard.

8 So those were the specific and general
9 comments that came out of that particular instrument.

10 CHAIRMAN MEITES: John, can I ask you to write
11 up for the new board the remarks you've just made, and
12 maybe amplify them a little bit, particularly on the
13 nuts and bolts side, but also on the philosophical
14 side?

15 MR. CONSTANCE: Be happy to do that.

16 CHAIRMAN MEITES: So what you've said doesn't
17 get lost. Thank you.

18 MR. CONSTANCE: Okay.

19 Thank you very much. On the overall board
20 assessment, with the board looking at the overall
21 performance of the board, what I'm going to suggest '63
22 you have a document in front of you regarding

1 that -- Kathleen, can you pass out these and these?

2 What you will have in front of you is a
3 summary document that summarizes basically all of the
4 scoring that was received, and also a backup that
5 demonstrates really how the averages were arrived at,
6 so it gives you the distribution of points on this.
7 I'll let this be in front of you before proceeding.

8 (Pause)

9 MR. FUENTES: Mr. Chairman?

10 MR. CONSTANCE: We could have gotten this to
11 you ahead of time. But this is a lot more exciting,
12 you know, the sense of anticipation. I can feel that
13 in the room.

14 MR. FUENTES: I just wanted to get a
15 clarification, John. I think you said that there were
16 seven of ten that turned in?

17 MR. CONSTANCE: Correct.

18 MR. FUENTES: And when we did this, the board
19 was really not ten. I think we were -- I mean, in the
20 Virgin Islands, a member is not with us, so that brings
21 it down. And Lillian departed.

22 MR. CONSTANCE: No. That was --

1 MR. FUENTES: So is it seven of seven or seven
2 of eight, really? Or what is it?

3 MR. CONSTANCE: It's seven of nine.

4 MR. FUENTES: Is it?

5 MR. CONSTANCE: Seven of nine, if you exclude
6 David, who has somewhat been inactive recently.

7 CHAIRMAN MEITES: Well, do we have ten members
8 or eleven members at present? Ten?

9 MR. CONSTANCE: You have ten members.

10 CHAIRMAN MEITES: So it's of eight, seven of
11 eight, then.

12 MR. FUENTES: Seven of eight.

13 CHAIRMAN MEITES: If you exclude Lillian and
14 David -- there's ten to start with; exclude two --

15 MR. CONSTANCE: No. I think the chairman
16 means that you currently have ten sitting members.

17 CHAIRMAN MEITES: I see. Okay.

18 MR. FUENTES: I see.

19 MR. CONSTANCE: And so we're at nine of ten if
20 we exclude David.

21 CHAIRMAN MEITES: Okay.

22 MR. CONSTANCE: Thank you. So let me describe

1 to you what you have in front of you and just some of
2 the highlights. One of the things that I would say is
3 that these -- basically, the distribution is extremely
4 similar to last year's. So this is the second year of
5 applying this. But some observations.

6 On the good news side, it is again clear that
7 we are close to unanimous on our opinion of the board's
8 understanding of roles and responsibilities, adherence
9 to standards of ethics and conduct, involvement and
10 interest by board members, and board-related skills,
11 noting particularly items 1, 2, 12, and 13 on here as
12 demonstrating that.

13 On the lower scale where we're more in the
14 average window, we've given a lower mark here on clear
15 goals and monitoring of those goals. And again, this
16 might have a lot to do with the transition period in
17 which we find ourselves.

18 In terms of looking back at last year's
19 January meeting, when this instrument was used to set
20 some goals for the year, if you'll recall, after a
21 pretty full discussion last January, the board settled
22 on two goals for the year: one, working toward a

1 smooth transition to a new board, and number two,
2 compliance and oversight, as the two areas of
3 concentration for the year.

4 Regarding the first item, transition, we have
5 worked with you on a pretty extensive list of materials
6 now captured through a wiki for the incoming board, and
7 a lot of that was the backbone of what was presented
8 yesterday in the orientation.

9 We've now conducted, I guess, two orientation
10 meetings for our board nominees, and the transition is
11 ongoing. And we will continue to work to facilitate
12 that in any way we can assist the board.

13 Regarding compliance and enforcement, I think
14 it's safe to say that it's been a focus of the year, as
15 demonstrated by briefings to the board; certainly
16 reporting on visits, and I think, Tom, your ops and
17 regs has been on top of that as far as wanting more
18 reporting in terms of the compliance area. So that has
19 been a concentration for the year.

20 I would say this, that the other document that
21 I have for your consideration. And as you and I had
22 discussed, Mr. Chairman, probably for your

1 consideration and possibility of referring this on
2 forward, were a pretty extensive list of
3 recommendations of goals, actually 21 goals in total,
4 that were provided through this board self-assessment
5 instrument. We'd asked everybody for three to five
6 suggestions, and again, we have a total of 21 here for
7 you folks to look at and discuss and decide how you'd
8 want to proceed with this.

9 And again, these range from pretty specific
10 to, I think, a lot more general in terms of possible
11 avenues for the future in terms of goal-setting.

12 CHAIRMAN MEITES: Let me make the same
13 suggestion with this as I made earlier, that you take
14 these points and turn them into prose, get them
15 organized, and put it together with the observations on
16 the self-assessment both for us and for the new board.
17 But be sure to append this list to your report because
18 it's hard to summarize, and some of these, you can tell
19 from the language, are held very strongly.

20 MR. CONSTANCE: Yes.

21 CHAIRMAN MEITES: If you can do that for the
22 next meeting, or whenever you get it done, just

1 distribute it to both the old board and the nominees, I
2 think it would be helpful to both groups.

3 MR. CONSTANCE: Be happy to do that.

4 CHAIRMAN MEITES: Questions for John?
5 Comments?

6 (No response.)

7 CHAIRMAN MEITES: Okay. Moving along, that's
8 item No. 4. Let's move to item No. 5. John and Vic?

9 MR. FORTUNO: Actually, John's on a roll here,
10 and he'll be addressing it.

11 CHAIRMAN MEITES: Let him do it. Okay, John.
12 Go ahead. This is new board training plan for 2010.
13 This is both a report on what we've done so far and
14 what is contemplated ahead. Go ahead, John.

15 MR. CONSTANCE: Again, in part as I had
16 mentioned as far as the overall board self-assessment,
17 the training items, I think that we are in the
18 position -- and again, just to back up for a second,
19 there are -- this is related not only to good
20 governance, but it is related to two very specific
21 recommendations by GAO that came out of their
22 governance report to the Corporation.

1 And that governance report indicated that
2 there was a strong need, obviously, for an orientation
3 program for an incoming board, and an ongoing training
4 program to be implemented for existing board.

5 We have concentrated an awful lot of effort on
6 the former and less so on the latter. Obviously, the
7 governance committee, this committee, has provided a
8 lot of input over the course of the last year to a long
9 list of curriculum materials that were used to put
10 together yesterday's presentations and this morning's
11 presentations, and as I mentioned, are now resident on
12 a document that's accessible to the board and to our
13 new board members.

14 We have conducted two orientation sessions,
15 you know, using that, and we will continue to do what's
16 necessary, as directed by the board, to do future
17 sessions. We have provided that documentation to GAO,
18 and I think we're a long way towards that
19 recommendation being declared fully implemented.

20 The second portion of that, however, the
21 training program, we've been in a little bit of a
22 quandary on. Just from the -- and we have discussed

1 this with GAO. Just from the very practical standpoint
2 that with a veteran board, whereas there are a logical
3 list of things that, with a new board, you would want
4 to transition from the kind of briefings we had
5 yesterday to some more in-depth actual training, while
6 we could put a plan together -- and we have the
7 beginnings of that -- we haven't taken as much time in
8 regard to that.

9 What I shared with you earlier today,
10 Mr. Chairman, is the possibility that, given the amount
11 of material that was provided over the last two days to
12 our nominees, the best course may be to solicit input
13 from them going forward as to areas that they feel they
14 would like more in-depth training on over the course of
15 the next year.

16 We can do that with a collection instrument.
17 We could do that informally. We could do that a
18 variety of different ways, but to reach out to them and
19 seek their input going forward.

20 Vic and I had talked about this and had
21 shared, you know, a short list of the kinds of things
22 that I think we're talking about -- you know, a full

1 training session on roles and responsibilities of the
2 board of directors. For example, the document was
3 shared yesterday with the incoming board, but I'm sure
4 that document will generate questions and would be
5 appropriate for an hour and a half to two hours of
6 training on just those roles and responsibilities.

7 Sarbanes-Oxley and its impact on nonprofits.
8 Strategic planning. The LSC risk assessment program.
9 A more in-depth training on or briefing, in this
10 regard, on the reauthorization legislation, for
11 example. And reading and analyzing financial
12 statements. You got a very good overview, I think,
13 from Dave yesterday, but trends and things that he,
14 from his experience, would recommend that a board take
15 a look at going forward. Those would be the kinds of
16 things.

17 And the format would probably be -- given
18 everyone's busy schedule, would be to try to carve off
19 a portion of board meetings to do that. I don't know
20 how we can do that. These are obviously pretty well
21 packed. But that would be a goal.

22 You know, in doing it that way, it could be

1 done as web-based. It could be done in telephone
2 sessions. It could be done a variety of ways. And,
3 you know, we could be creative going forward in terms
4 of how to do that.

5 But the important thing is that we decide we
6 are going to do it and that I am able to report, you
7 know, that intentional approach by the board to GAO.
8 And second of all, that we come up with possibly a
9 collection instrument for the incoming board to collect
10 their thoughts about their needs.

11 CHAIRMAN MEITES: It strikes me that -- a
12 couple things. First of all, the current board has no
13 expertise in training since we did not receive any. So
14 we're not the people who really should guide you, I
15 think, on what is needed and what will work. I
16 suggest, instead, you talk to the nominees and see what
17 they want and what you recommend they do.

18 We do have expertise on areas that we found
19 particularly opaque or confusing. And I think we can
20 help you in that area. So I'd kind of divide the work
21 in two. Ask the nominees how they want to do it -- in
22 person, otherwise; and maybe at the next board meeting,

1 if we're still here, you can ask us what we think the
2 most confusing parts of the board -- or you can ask us
3 between now and then. That's probably better.

4 MR. CONSTANCE: Right.

5 CHAIRMAN MEITES: So if you ask us what we
6 didn't understand and you ask them what they think the
7 best way to educate them is, I think by the next
8 meeting you'll have a good idea.

9 MR. CONSTANCE: That's fine. With your
10 permission, I mean, we might even just reach out with
11 an e-mail to the existing board and ask for ideas or
12 input.

13 MR. FORTUNO: If I may, Mr. Chairman, I think
14 the GAO also seemed to express an interest in having
15 training provided on board oversight or review of
16 management processes. So we would include that.

17 CHAIRMAN MEITES: Yes.

18 MR. FORTUNO: That and the training on reading
19 financial statements was the other point that they
20 recommended. So I think we would start with those two.

21 CHAIRMAN MEITES: As for the board charting
22 how it's doing, there must be a body of expertise out

1 there, people who know how to do this. And you might
2 want to bring somebody in to tell us so we don't have
3 to invent the wheel.

4 MR. CONSTANCE: Right.

5 CHAIRMAN MEITES: Because I don't think any of
6 us has had experience with that kind of undertaking,
7 either the old board or the nominees.

8 MR. CONSTANCE: That's fine.

9 CHAIRMAN MEITES: Comments? Questions?

10 (No response.)

11 CHAIRMAN MEITES: All right. That completes
12 your report, John?

13 MR. CONSTANCE: That completes it,
14 Mr. Chairman.

15 CHAIRMAN MEITES: All right. It
16 is -- consider and act on other business. Is there any
17 other business?

18 (No response.)

19 CHAIRMAN MEITES: Any public comment?

20 (No response.)

21 CHAIRMAN MEITES: And I will accept a motion
22 to adjourn.

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M O T I O N

MR. GARTEN: So moved.

MR. McKAY: Second.

CHAIRMAN MEITES: Second? We are in
adjournment.

(Whereupon, at 1:29 p.m., the governance and
performance review committee was adjourned.)

* * * * *