

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Saturday, November 20, 2004

1:14 p.m.

The Westin Cincinnati
21 E. Fifth Street
Cincinnati, Ohio

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman
Lillian R. BeVier, Vice Chairman
Robert J. Dieter
Herbert S. Garten
David Hall
Michael D. McKay
Thomas Meites
Maria Luisa Mercado (by phone)
Florentino A. Subia
Ernestine P. Watlington (by phone)

STAFF AND PUBLIC PRESENT:

Helaine M. Barnett, President and *ex officio member*
Victor M. Fortunato, Vice President for Legal Affairs,
General Counsel & Corporate Secretary
John Eidleman, Acting Vice President for Compliance
& Administration
David Richardson, Treasurer & Comptroller
Michael Genz, Director, Office of Program Performance
Jonathan Asher, Acting Special Counsel to the
President
Patricia Batie, Manager of Board Operations
Karen Dozier, Executive Assistant to the President
Richard "Kirt" West, Inspector General
Laurie Tarantowicz, Assistant Inspector General and
Special Counsel
Bernice Phillips, Nominee, LSC Board of Directors
Terry Brooks, Standing Committee on Legal Aid and
Indigent Defendants (SCLAID), ABA-Chicago
Don Saunders, National Legal Aid and Defender
Association (NLADA)
Julie Clark, NLADA
Linda Perle, Center for Law and Social Policy;
and other staff and members of the public.

C O N T E N T S

OPEN SESSION

| | PAGE |
|--|------|
| 1.Approval of agenda | 5 |
| 2.Approval of minutes of the Board's meeting of September 11, 2004 | 6 |
| 3.Approval of minutes of the Board's executive session of September 11, 2004 | 6 |
| 4.Approval of minutes of the Search Committee's meetings of: | 6 |
| (a) June 5, 2004 | |
| (b) July 19, 2004; and | |
| (c) August 12, 2004 | |
| 5. Approval of minutes of Board's executive session of June 5, 2004 | 6 |
| 6. Consider and act on Resolution dissolving the Ad Hoc Search Committee for LSC President and Inspector General | 9 |
| 7. Chairman's Report | 11 |
| 8. Members' Reports | 11 |
| 9. President's Report | 18 |
| 10. Inspector General's Report | 35 |
| 11. Consider and act on the report of the Board's Committee on Provision for the Delivery of Legal Services | 41 |
| 12. Consider and act on the report of the Board's Operations and Regulations Committee | 50 |
| 13. Consider and act on the report of the Board's Finance Committee | 59 |
| 14. Consider and act on the Board's Performance Review Committee | 7 |

(Continued)

CONTENTS (Continued)

| | |
|--|-----|
| 15. Consider and act on Inspector General's Semiannual Report to Congress for the period of April 1 - September 30, 2004 and LSC's Response | 108 |
| 16. Consider and act on the dates and locations of the Board's meetings for calendar year 2005 | 111 |
| 17. Consider and act on other business | 114 |
| 18. Public comment | 114 |
| 21. Consider and act on motion to adjourn meeting | 119 |
| MOTIONS: Pages 6(2), 9, 54, 56, 59, 64, 66, 80, 87, 88, 105, 107, 110, 119 | |

P R O C E E D I N G S

CHAIRMAN STRICKLAND: We're in session and do we have anybody participating by telephone? Okay. Let us know when someone comes on. I know Tom Fuentes is not going to be with us but if Ernestine Watlington comes on.

Refresh me now -- how do you folks note who is here? Do you do that or do we need to note everybody for the record or you have it? Who is that? Okay, Ernestine, can you hear me?

MS. WATLINGTON: Yes.

CHAIRMAN STRICKLAND: Okay. We just sat down so we're glad to have you. Welcome.

APPROVAL OF AGENDA

CHAIRMAN STRICKLAND: First, let's take up a motion to approve the agenda with I want to suggest one modification in that there are not very many flights from Cincinnati to Charlottesville, Virginia, so that I'd like to ask the board to consider at an appropriate time taking up out of order the report from Lillian's committee, that is, the Performance Reviews Committee.

Perhaps we can leave the agenda just as it is

if you'll authorize me to take that up out of order, we'll do that, but I'll entertain a motion to approve the agenda.

M O T I O N

MR. GARTEN: So moved.

CHAIRMAN STRICKLAND: Is there a second?

MR. HALL: Second.

CHAIRMAN STRICKLAND: Any objection to approving by unanimous vote we'll declare the agenda approved.

APPROVAL OF MINUTES OF BOARD'S MEETINGS

OF SEPTEMBER 11, 2004

CHAIRMAN STRICKLAND: And let's take a motion to approve the minutes of the board's meetings, plural, of September 11, both the open and closed session of September 11, 2004 and also the minutes of the Search Committee of June 5, 2004, excluding items (b) and (c).

Those minutes apparently are not ready and also the minutes of the board's executive session of June 5, 2004.

M O T I O N

CHAIRMAN STRICKLAND: Is there a motion to

approve all those minutes?

MS. BeVIER: So move.

CHAIRMAN STRICKLAND: Second? Those in favor please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay. The ayes have it. Minutes are approved. So at this point then with the board's approval let's take up, receive the report of the board's Performance Reviews Committee.

CONSIDER AND ACT ON REPORT

OF PERFORMANCE REVIEWS COMMITTEE

MS. BeVIER: Thank you, Mr. Chairman, and I appreciate your solicitude for my desire to get out of Cincinnati. Well, my desire to get into Charlottesville. I do appreciate it. It will make my evening considerably less taxing.

The Performance Reviews Committee met yesterday and we discussed the process and criteria for the evaluation of the president of the corporation and the inspector general.

We had a good discussion about process. We

made a few preliminary decisions about how we're going to proceed and we decided, one of the things we decided was to defer the evaluation of the president until this spring, either proceeding in February or the meeting following the February meeting in order to give Helaine an opportunity to effectuate the reorganization and to begin to get her feet under her with respect to the reorganized corporation.

We thought that was only fair and that we would get a better sense of how she was doing and how she thought she was doing and what challenged lay ahead if we were to postpone it. There is no board action to be taken at this time. The committee's work is just beginning and we don't invite any action from the board right now and that's my report. Thank you.

CHAIRMAN STRICKLAND: Any questions of Lillian about that report? You will I hope feel free to take your leave at an appropriate time that would enable you to accommodate your flight to Charlottesville.

MS. BeVIER: I will. Thank you.

CHAIRMAN STRICKLAND: And I hope you'll withdraw your remarks about getting out of Cincinnati

in case any of our local hosts are here.

MS. BeVIER: Please expunge them from the record. I would love to stay.

CHAIRMAN STRICKLAND: I hope that's not my phone. I just turned it off. No, it's somebody else's. All right.

RESOLUTION DISSOLVING AD HOC SEARCH COMMITTEE
FOR LSC PRESIDENT AND INSPECTOR GENERAL

CHAIRMAN STRICKLAND: I did pass by Item 6, which was considering an act on a resolution dissolving the ad hoc search committee for LSC president and inspector general. Is there a resolution in the materials, Vic, for that or are we just going to --

MR. FORTUNO: There is a proposed resolution.

CHAIRMAN STRICKLAND: Okay.

M O T I O N

MR. FORTUNO: Page 112.

CHAIRMAN STRICKLAND: All right, thank you. Let's take a look then at that resolution on page 112.

Well, yes, I'm sorry I do have it. I would entertain a motion to adopt resolution 2004-012 dissolving the 2004 Search Committee for LSC president and inspector

general. Is there such a motion?

MS. BeVIER: So moved.

MR. HALL: Second.

CHAIRMAN STRICKLAND: Sorry. All those in favor of the motion please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay. The resolution is adopted.

MR. HALL: Though I was a member of that committee I think in addition to doing away with it, we may want to commend them for having done a good job in bringing two excellent people to us.

CHAIRMAN STRICKLAND: Thank you. I appreciate that and I also want to -- with that reminder from David, I want to thank all the members of the Search Committee, as well as the advisory members, Lillian BeVier and Bill Whitehurst for their valuable participation in the work of that committee.

I think it was most helpful to our work to have their participation and input at every step and we did appreciate that very much, as personally I certainly appreciated the work of all the members on

that committee and I agree with you, David, that we got good results.

CHAIRMAN'S REPORT

CHAIRMAN STRICKLAND: The next item is the chairman's report and I'm pleased to report to you that I do not have a report, so that will be a short item on the agenda and I asked Helaine if I had been doing anything in the past couple of months that was worthy of a report and she said, "No."

Actually, she was more diplomatic than that. She said, "Oh, you've been doing a lot of things" but I concluded that none of my activities justified a report.

MEMBERS' REPORTS

CHAIRMAN STRICKLAND: How about reports from members of the board?

MS. BeVIER: Mr. Chairman.

CHAIRMAN STRICKLAND: Yes.

MS. BeVIER: Last Saturday, Tom Meites and I were on a panel at the Federal Society of Lawyers Convention. The topic of the panel was "Pro bono for the good of the public or for the good of whom?" and I

would like to say that I think the panel was very well received.

I was quite proud to be on a panel with Tom and I think we gave as good a picture of LSC's current status and the work that we're doing now as was possible and I think it's fair to say that the many members of the Federal Society are not naturally sympathetic to LSC or at least think they aren't.

But when they find out about what it's doing and how it's working and that, in fact, the chairman of the board is a member of the Federal Society and has been a long time advocate and supporter of LSC, they begin to see the light and understand the good work we're doing and it was a lot of fun to be on the panel with Tom.

CHAIRMAN STRICKLAND: I'm pleased to report that I attended that session and I agree with your analysis. I thought it was very well done and it was well presented. And also participating was Mike Wallace, a former chair of the LSC board from I guess the decade of the '80s, late '80s and early '90s, is that about right, Vic, Mike Wallace?

MR. FORTUNO: That's right.

CHAIRMAN STRICKLAND: Who gave a little bit of the history of LSC as a part of his presentation. But since that item was discussed, Tom, did you have a report or did you want to add anything onto Lillian? David?

MR. HALL: Yes. I just want to mention to the board that I was honored to host Helaine, our president, at Northeastern Law School on November 9th not only for a meeting where we were able to discuss some provision committee issues but also to introduce her to members of the legal community in the Boston area, as a matter of fact the New England area.

And she was very well received and I think some good presentations were made by members of the local legal services community and the members of the law school as well and it was an honor to spend the time with her and to have her join us at the law school.

CHAIRMAN STRICKLAND: Thank you. Nico, any report? All right.

MR. SUBIA: We're making plans right now for

Christmas so I'll have a report (off mike).

CHAIRMAN STRICKLAND: All right. Okay. Let's move on around the table, Herb.

MR. GARTEN: Yes. I was invited by the Board of Governors of the Maryland State Bar Association to appear at a board meeting in Hagerstown, Maryland on October 15th.

And I put together a package of information about LSC that I was able to give as a handout that I received some comments on, particularly that they didn't realize the scope of what we were doing. And the package included the LSC at a glance, 2000 at a glance, the American Bar Association Legal Services Corporation fact sheet, a copy of the web pages that LSC has and information with regard to our new inspector general and Helaine and some other relevant material including the LSC report of the Board of Director's meeting in Helena, Montana.

And I thought and the participants there felt it was very worthwhile. I tied it in also with what we're doing in Maryland with regard to Legal Services and the total amount expended in Maryland vis-a-vis

what's being done throughout the country using statistics provided by the ABA.

Secondly, I'm really delighted to advise you that just this past week I had been nominated by the president of the ABA as a special adviser. I didn't realize it had to be confirmed like the Senate confirmations applicable to us and it came before the board within the last couple of weeks and I was advised this week that my appointment had been confirmed.

So I'm looking forward to acting in that capacity, not as a member of the committee but as what they term "special adviser." So I'll report back to you in the future with regard to what I observe with respect to the committee, which of course is among the most important committees of the ABA. And, of course, we've had plenty of experience with SCLAID during the course of our term here as members of the board of LSC.

CHAIRMAN STRICKLAND: Speaking of SCLAID, I just want to note the presence of Terry Brooks, the staff director of the SCLAID Committee from the ABA office in Chicago. Welcome today, Terry.

And also note for the record the presence of

Bernice Phillips, a nominee to our board and we hope that Bernice will be confirmed momentarily. We'll see how the ways of Washington work in that regard.

All right, Rob.

MR. DIETER: Just very briefly, Jon Asher and I participated in a panel in mid-October at the University of Denver Law School in connection with their hosting of the National Latino Law Student Association annual conference on public service and the Legal Services Corporation and my perspective as a board member and Jon presented his perspective in terms of the history of the corporation and the opportunities for law students to work in legal services upon graduation.

CHAIRMAN STRICKLAND: Ernestine is having trouble hearing again.

MS. WATLINGTON: (Off mike) and to the people of this community. They were not aware of Legal Services programs, so even Herb I know has been able to do something (off mike).

CHAIRMAN STRICKLAND: Okay. Thank you, Ernestine. And, Mike McKay, do you have a report?

MR. McKAY: Just a brief report, Mr. Chairman.

First, I was honored to be invited to be a keynote speaker at an open house, a series of open houses that Washington State had to raise the visibility of Legal Services offices throughout the state.

And I spoke at the East Side Legal Assistance Program offices on October 26. Leaders of the bar and the bench were there and it was very nice. I was surprised to receive an award at the end of the presentation for my activities with others to convince the Washington State Legislature to increase their budget for Legal Services by \$1.9 million.

I also met since my last report with the general counsel of Starbucks, Paula Boggs. We're working with her to have her company play a more active role with Legal Services Corporation and she's asked me to come and speak to her lawyers, she has a staff of 32 lawyers working for Starbucks, to talk about pro bono services and I intend to follow up in my conversation with her at that time.

CHAIRMAN STRICKLAND: Thank you very much. Any other reports from members? That concludes the

members' reports. Let's take up the -- yes. Oh, I'm sorry I didn't realize you were on the line. Go ahead.

MS. MERCADO: (Off mike.)

CHAIRMAN STRICKLAND: Thank you very much for that report and we're glad to have you with us. Thanks for speaking up so we did know you're there. All right. Let's next take up the president's report -- Helaine.

PRESIDENT'S REPORT

MS. BARNETT: Thank you, Mr. Chairman. I am pleased to have the opportunity to share with the board some developments at LSC and my activities since the board meeting in September.

We are nearing completion of the grant competition process. There were initially two service areas with more than one qualified applicant. They were in Eastern Michigan and in Southeastern Massachusetts.

For Eastern Michigan, staff visited both applicants and a review panel was convened to prepare the funding recommendation. I received both the staff and the review panel recommendations and will shortly

make the funding decision.

With respect to the second contested service area in Southeastern Massachusetts, one of the applicants has withdrawn; however, I want to report to you in competition this year there are 69 applicants affecting 91 service areas for 24 states and Puerto Rico.

Whether there are multiple applicants or not, each program responds to a detailed request for proposal which is reviewed by staff pursuant to a comprehensive evaluation guide which is based on the ABA standards for providers of civil legal services to the poor and LSC's performance criteria.

LSC staff carefully reviewed all of the applications, whether they were multiple applications for a service or a single applicant. I then reviewed each recommendation with the appropriate staff and the director of the Office of Program Performance.

In fact, I reviewed each grant renewal of which there were 74 renewals, as well as those in competition. Decisions will be made shortly and we will share the list with you as soon as they are made.

I plan to announce the grant award for all service areas in early December. Feedback letters detailing the perceived strengths and challenges in each application will be prepared and sent to each applicant early next year.

On October 5th, we had the third all staff meeting since I began at which I shared with the LSC staff the activities and developments at LSC since our last get together in early June. The purpose of the meeting is to create a spirit of inclusiveness and to develop an understanding of what we are accomplishing together and to instill a greater pride for all our LSC teams and the work they do at LSC.

At the meeting, we recognized several employees who have excelled in their job and have made a very special contribution, which we call the LSC Annual Above and Beyond Award.

Awards were presented to Lisa Rosenberg, our congressional liaison for her extraordinary service this past year; to Evora Thomas and Carla Smith, who were the team leaders for our first LSC pilot visit to a grantee which combined both Office of Program

Performance staff and Office of Compliance and Enforcement staff; and to Ruby Short and Brent Coan for their efforts in getting materials to the board in the face of very short deadlines.

A day-long meeting with representatives of the migrant community took place at LSC on November 8th to discuss issues of concern to the migrant community.

During this period as a result of the numerous hurricanes that struck Florida and the southeast this year, the Office of Compliance Enforcement received three applications from Florida programs seeking emergency disaster relief funding.

I approved one-time emergency funding for the three programs totaling \$349,912.

Referring to some of the events I have attended since our last board meeting, on September 21st I was the keynote speaker at the Manhattan office of Legal Services of New York event that recognized the collaboration and partnership of funders, of advocates of the city bar for their remarkable response to the disaster of 9/11 and the coordinated efforts of attorneys who assisted those affected by 9/11.

I was the keynote speaker at the Tennessee statewide Equal Justice Conference held outside of Nashville on September 29th and discussed recent developments at LSC. This annual conference brings together all of the partners in Tennessee's equal justice community, including the private bar, judiciary, law schools, LSC funded legal services programs, pro bono programs, legislators and funders.

I also took the occasion to visit the new Nashville office of the Legal Aid Society of middle Tennessee and the Cumberland and to meet with their very experienced and well respected staff.

At a press conference on October 20th in Boise, Idaho, together with Chief Justice of the Idaho Supreme Court Linda Copple Trout; Ernesto Sanchez, Executive Director of Idaho Legal Services; and Judge Michael Dennard, head of the court's pro se initiative, we announced the award of an LSC technology initiative grant totaling almost \$178,000 to Idaho Legal Aid Services to make legal forms and access to justice more available through the use of technology and the Internet.

Working with the Idaho Supreme Court, Idaho Legal Services will implement a comprehensive plan to make more than 300 court-approved forms available online to pro se litigants who must represent themselves within the justice system.

This interactive online system will ask questions in simple English or Spanish and then amazingly will print the completely properly formatted court forms in English even when the questions are answered in Spanish. The printed forms are then ready for filing and acceptable to all Idaho judges throughout the state.

This grant is significant because it reflects the strong collaboration of Idaho Legal Aid Services with the bench, bar and others. These court forms will allow domestic violence victims to apply for a protective order necessary to ensure their safety.

The forms will allow a non-custodial parent to apply for visitation rights or bring an action for child support and they will allow a victim of housing discrimination to file a complaint against his or her landlord, just to give you a couple of examples. It is

truly an exciting initiative and provides help when actual representation or legal assistance is simply not available.

While I was in Boise, I visited the Boise office of Idaho Legal Aid Services meeting with Ernesto Sanchez, its long serving executive director and with the entire staff. We all had lunch together and discussed the challenges facing the Boise office. I then went to Lewiston, Idaho and visited the Lewiston office of Idaho Legal Aid and met with their staff.

Without question, a highlight of my activity since my last report to the board in September was the opportunity I had to deliver the Sherman J. Bellwood memorial lecture at the University of Idaho College of Law on Thursday, October 21.

The Bellwood Memorial Lecture Series, named for a distinguished Idaho trial judge, is a signature event for the Idaho legal community and the University of Idaho. Past Bellwood lecturers have included Supreme Court Justices Ginsburg, Scalia and O'Connor, as well as Bryan Stephenson, Executive Director of the Equal Justice Initiative in Montgomery, Alabama; past

Attorney General Janet Reno and other distinguished national leaders.

I was indeed honored to have been asked to deliver this lecture. My remarks focused on access to justice for poor Americans, the history of three decades of federally-funded civil legal services and our future challenges.

The lecture was delivered to an audience of approximately 700 people on the University of Idaho campus and it was televised live. The lecture lasted approximately 45 minutes and was entitled "Justice for All -- Are We Fulfilling the Pledge?" and it will be published in the law review of the University of Idaho College of Law after we have duly noted the citations.

I have, in fact, provided a copy of my remarks, which I hope you will find interesting.

The dean of the law school, Dean Donald Burnett, devoted the entire day to public service. My day began with a breakfast meeting with the clinical professors and students enrolled in all of the law school's clinics.

There followed a panel discussion where I

joined distinguished alumni of the rewards of a career in public service. A major issue of the students, not surprisingly, was student loan repayment.

I then joined the faculty for a lunch and discussion of a consideration of the law school adopting a universal pro bono requirement for its students. The lecture was at 4:00, followed by a reception and dinner in my honor and it was an exhilarating and an extraordinary experience.

I participated on a panel discussion at the Equal Justice Works Conference in Washington, D.C. on October 28th for public interest law placement counselors or law schools, including those who were present from Duke University of Denver, Harvard, Columbia and others.

The panel focused on how the National Association for Law School Placement Professionals can work with LSC and NLADA to expand opportunities for law students and graduates to find positions within the public interest community.

As you heard on November 9th, I had the distinct pleasure of meeting with the chair of our

board's Provisions Committee, David Hall, at Northeastern School of Law.

As well as our lengthy discussions on issues of particular importance to the Provisions Committee, David arranged a meeting with Ellen Hemley of the Massachusetts Law Reform Institute to discuss the TIG grant they received from LSC to develop an online training program called Legal Aid University. She provided a fascinating demonstration of the program.

And then, as you also heard, David arranged a wonderful reception at the law school for me to meet and give an opportunity to speak with the dean, associate dean of Northeastern School of Law; with Robert Barge, the Executive Director of the LSC funded program who came from Rhode Island; with Meg Connelly, the Executive Director of the LSC funded Volunteer Lawyers Program in Boston; with Bob Sable, the Executive Director of the LSC funded program in Boston; Lonnie Powers, the Executive Director of the Massachusetts Legal Assistance Corporation, which distributes both the IOTA and state-appropriated funds in Massachusetts and Jeanne Charn, the Director of the

Hale and Doar Clinic.

I'd like to just briefly discuss a few LSC initiatives and bring you up to date on some of those about which you know. During the week of October 18th, a team of seven members from the Office of Program Compliance and the Office of -- I'm sorry, the Office of Compliance and Enforcement and the Office of Program Performance participated in a second unified quality review of casework and systems visit to legal services.

The co-team leaders were David de la Tour from OCE and Cheryl Nolan from OPP. The objectives of the visit were to promote engagement between LSC and its grantees. To maximize efficiency within LSC by identifying areas of inquiry and current lists of protocols that have sufficient commonality to warrant joint examination by OPP and OCE and to identify and incorporate new areas of inquiry, not currently part of the visit protocols of either OPP and OCE that represent indicia of quality in the delivery of legal services currently promoted by LSC. The team shared their opinions and the visit went very well and a report of the findings of this visit is being prepared.

The pilot visits are having a wonderful result. I am very pleased to note that Mike Genz, the Director of the Office of Program Performance and Danillo Cardona, the Director of the Office of Compliance and Enforcement have proposed to me that OPP and OCE initiative regular meetings in order to exchange information more routinely, to discuss topics of mutual interest and importance and to foster a closer working relationship.

After our task force on our pilot loan repayment assistance program met on August 25th, LSC staff reviewed our extensive notes from the meeting and developed a plan for moving forward. I asked three of the task force members, Kelly Carmody, Paul Doyle and Stephen Brown to serve as a working group to help us as we develop those plans. The working group reviewed our proposed plans for the next in establishing the -- and gave us significant feedback.

On October 28th we sent the working group a draft of documents that would announce and describe the pilot program and I sent out possible selection criteria for choosing both LSC programs and staff

attorneys who would participate. We have just received the working group's feedback and after considering the working group's suggestions we will further refine our thinking.

With regard to our quality agenda, we are beginning work on an effort to revise LSC's performance criteria. I am going to appoint a small working group consisting of LSC staff, program representatives and experts from the community which will help us with this effort.

I gave a brief status report on the mentoring project at the Provisions Committee meeting and will simply highlight for you the fact that our internal LSC staff committee met in June with leaders of NLADA who are responsible for their leadership and diversity initiatives.

And they have challenged us to broaden our concept of the design of our program beyond a one-on-one mentoring relationship and we are looking to see if there is an effective way to combine the benefits of one-on-one mentoring with the training and support that would come from a larger pool of diverse participants.

We are meeting with the NLADA and with the Management Information Exchange in the development of a leadership training curriculum. A funding issue concerning the propriety of the use of LSC funds to pay for professional development of grantee staff still needs to be further researched and resolved but our plan is to continue to meet on a regular basis.

We need to keep LSC's existing Leadership and Diversity Advisory Council informed of our thinking and share our thoughts with the council, receive their input and do the same with our national partners.

Our goal is to try to accomplish all of this in time to present our recommendations to the Provisions Committee at our annual meeting in February.

We had an initial meeting with representatives of the ABA and NLADA and others to discuss possible approaches to documenting the current unmet civil legal needs in the current landscape. Our efforts will distill these possibilities into a workable approach to this important issue which we, of course, will share with you.

I'd like to just give you a brief update on

our 30th Anniversary event. As you know, we are celebrating the 30th anniversary of LSC on Tuesday, November 30th at the Omni Sheraton Hotel in Washington D.C.

The unique aspect of this celebration is the fact that for virtually the first time all executive directors of LSC-funded programs have been invited and 130 so far have responded that they will be attending.

With LSC staff and other invited guests, we are expecting approximately 300 attendees. There will be an open house for all the executive directors that afternoon from 2:00 to 4:00 since most of them have never been to LSC's new offices and, of course, members of the board are welcome.

The plenary session begins at 4:30 with guest speakers, The Honorable Judith S. Kaye, Chief Judge of the State of New York representing the state judiciary and ABA President Robert Grey.

We will also have speakers giving remarks on the history of the past decades of LSC, including Judge Earl Johnson, Thomas Ehrlich, Justice Howard Dana and LeVeeda Battle.

The program will be followed by a reception from 6:30 to 8:30. I would encourage you all to use this opportunity to talk to as many of the executive directors of our grantee and LSC staff as possible. I know for them it will be a special occasion to be with all of you.

We are moving ahead with our negotiation and construction regarding the additional space on the fourth floor into which our government relations and public affairs staff will move and hope to have it completed by the time of the open house.

For your information I now meet every other week with Kirt West, our new Inspector General, and I have invited him to a weekly executive team meetings which he does every other week.

On October 18th, Jonathan Asher, the longstanding Executive Director of Colorado Legal Services joined the LSC staff as my acting special counsel. In my opinion, Jon is one of the most respected Legal Services attorneys in the country and I feel extremely fortunate to have his sound judgment, wise counsel and extensive experience.

I hope that those of you who do not know him have an opportunity to meet him. I think you will share my respect for him and appreciate my belief in his value to me and to LSC.

I also hope you all had an opportunity to see the wonderful article on the front page of "The Wall Street Journal" on Thursday, November 4th featuring the outstanding work of Adrienne Ashby, an attorney with the Atlanta Legal Aid Society, in representing the elderly poor who were defrauded by the Stewart Finance Company. I have distributed copies of the article for all of you to see.

At the request of past President John McKay, I met with Judge Donald Horowitz from the Washington State Access to Justice Board, who is the author of the state's technology bill of rights, to discuss the expanded use of its efforts on this important issue.

To conclude, and it's hard to believe I have been here ten months, I believe we have accomplished a lot. I believe we still have a lot yet to do. I hope when we get together for our 30th anniversary, you will feel proud of your commitment to LSC and the important

work it supports. Thank you, Mr. Chairman.

CHAIRMAN STRICKLAND: And thank you, Helaine.

Do any board members have questions for Helaine about her president's report? All right. Then let's take up next the Inspector General's report with Kirt West.

INSPECTOR GENERAL'S REPORT

MR. WEST: Good afternoon, Mr. Chairman and members of the board. Laurie is passing out a pamphlet that is a publication that's put out by the President's Council on Integrity and Efficiency and what it is, is it represents quality standards for federal offices of inspector general.

I just give it to you and I think we could the next time we get together you may want to ask questions about it but I think it puts forward how an OIG should run, the standards you should expect, the professionalism and a whole number of other issues, so it's for your information.

And for those in the audience, if you access our website, you can get a link to the IG Net and you can find these standards on the IG Net, which is a web page that all the federal inspectors general are on.

I wanted to discuss some of the completed work that has happened in the last couple of months. Probably most notably and probably the most controversial issue that was outstanding was an audit we did of CRLA, California Rural Legal and that audit has been closed. I think I may have informed you in writing about that.

But I took a look at it coming in from the outside. I determined that the proposed actions to our recommendations from the executive director were responsive and also determined whatever issues were still outstanding were more a question of the IG's office not sure that management had clear direction.

And so, what we've done is we've issued a memo to President Barnett and asked certain questions for clarification and hopefully we'll get a response to that and I just sort of leave it in management's hand.

But what I found was that the dispute, to the extent there was one, wasn't between the IG and CRLA but it was between the IG and management and grantees should not be caught in the middle of that. So that has been closed.

I have briefed Congress about it. They were quite pleased that the issue had been resolved, as I think this board, individual members of this board have indicated they were pleased it was resolved.

You have and I guess you'll have it later on the agenda our semi-annual report to Congress and just to let you know we completed that. It only reflects one month of my being onboard and I expect you will see in our next semi-annual a lot more activity.

We have just completed within the last two days, we have a final report on our review of the board of director's travel. I did this and I really did it for your own benefit because I think everybody on the board, of course, wants to make sure everything is on the up-and-up.

What we concluded was that the board members' travel was properly supported by record and that it generally complied with LSC policy. There were a couple small issues that needed clarification. We made two recommendations and management has come back and indicated they will respond to those recommendations and make the changes. So this is a good news story.

Work in progress, I'll just highlight just very briefly. We're currently doing a review of the lease of our building at 3333 K Street. We have a safety and security review ongoing of the building, in part to make sure we're sort of in compliance with Homeland Security directives and policies.

We're continuing to do TIG grant audits. We'll shortly be issuing a summary report on our PAI audit work, wrapping up sort of general observations we've found and hopefully this will be transmitted to the field so that people get a sense of the -- without going into much detail they're very similar problems and we hope this will get guidance out to the field on how to run their PAI programs.

We are wrapping up our mapping evaluation work and we'll be doing a presentation at the Provisions Committee in the February meeting.

We are in the process of changing our guidance to the IPAs who are required to conduct the financial and compliance audits on an annual basis. The guidance was going to be effective the 1st of January. For any audits that are taking place after

that we should have that out in the next month. We will be sending an e-mail to all the grantees letting them know that there is a change in the works and for them to alert their IPAs.

The corporate financial audit is underway. I know that the auditors have met with our treasurer and comptroller Dave Richardson and we are also in the process of finishing up two program integrity audits.

At the February board meeting I'll be presenting the IG's annual work plan. And I think the only other thing you need to know is that the office will be undergoing a peer review as required by the IG Act in accordance with government auditing standards. So we will be having the Amtrak IG's Office come and look at our audit process to make sure we're complying with professional standards. That concludes my report.

CHAIRMAN STRICKLAND: Questions?

MR. MEITES: I've been waiting for this. I was recently informed by Ms. Batie, and I'm asking you because I don't know who is behind this, that board members are required to submit time sheets.

I find this a staggering proposition since we

do not get paid for anything but the board meetings. I am baffled as to why the United States of America thinks the amount of time I spend on Legal Services business is anybody's concern but mine.

MR. WEST: I think I may be the wrong person to ask this question of.

MR. MEITES: Fine.

MR. WEST: I don't think that was part of our audit.

MR. MEITES: I will ask it again in February.

CHAIRMAN STRICKLAND: I've been turning in those time sheets too, Tom. I'm glad you raised the question. However, in all lawyer's offices, at least in the private practice world, at least in our office we are driven nuts by keeping time records and therefore I have to keep from going any further off the track created a category in our time system called LSC.

MR. MEITES: Unfortunately in some offices there is some slippage.

CHAIRMAN STRICKLAND: What that means is I'm able to respond to the request pretty quickly setting aside whether or not it's an appropriate thing for us

to be asked. All right. Let's then take up the -- consider an act on the report of the board's Committee on Provision for the Delivery of Legal Services and I'll call on Chairman David Hall.

CONSIDER AND ACT ON REPORT OF COMMITTEE ON
PROVISION FOR THE DELIVERY OF LEGAL SERVICES

MR. HALL: Thank you, Chairman Strickland. We had our Provisions Committee meeting yesterday and it was, as always, a very insightful and enlightening committee meeting because some of the board members because of conflicting meetings weren't able to attend.

I will go into a little bit more detail than I normally would because I think some of the information was worth sharing.

We had some guests who came before us from primarily the Kentucky area since we had visited with people here in Cincinnati. Howard Tankersley, the President-elect of Northern Kentucky Bar Association came before us.; Richard Cullison, the Executive Director of Kentucky Legal Aid of the Blue Grass, who is even here today; Leo Webb, a staff attorney with that same organization; Holly Delaney, an interpreter

and immigration specialist and we also had a client Marisol de la Borda, a Spanish-speaking client who had sought and received assistance from Blue Grass in regards to some domestic violence issues.

Overall, those were very insightful representations. I'd like to just give a few highlights of what was presented to us.

The Executive Director, Mr. Cullison, indicated that they have four major areas of concentration, family law, consumer housing and government benefits, though there are some other areas that they do work in that the bread and butter areas are those four.

The Provisions Committee has been consistently asking all of the presenters who come before us to talk about ways of defining quality and so that was the focus of this presentation as well.

Mr. Cullison, I think, added some unique perspective. He felt that there were two particular questions that one might ask in trying to determine if a program is of high quality. One was does the program have the capacity to adjust to emergency situations,

i.e. when there's a crisis in the client community? And, second, does the program have the capacity to implement a new program because of client needs? And he gave us an example of each one of those.

I'll start with the second one first, which is dealing with a new program because of client needs. He indicated, and I hope I have these figures correct, that there has been a 700 percent increase in the Hispanic population in the community in the last three-year-period, which created some new needs, some new problems and some new challenges, especially in the language area.

And, particularly the client who came before us, Marisol de la Borda, was a compelling example of what this new need was and she gave us her story of domestic abuse and harassment and a series of other problems that she presented to them.

Blue Grass in response, I'm sure not just to her problem but that of many, was able to assist by creating a new program in this area. They were able to hire an interpreter, Holly Delaney, the person who came before us that this change and focus in the program was

not an isolated event but had the support of the executive director and I assume the board as well.

They were able to seek a grant to underwrite this effort and was able to fund it so that this was not just some isolated assistance but a well-developed program. His argument in essence was that if there is really quality in an organization then that should be transferable and that this was a good example of how they were able to shift.

The second criteria that he used was that of the emergency situation. Can an organization drop what it's doing and deal with an emergency? And he shared with us the Medicaid crisis that had happened in the state. The state because of a budget shortfall attempted to reduce the number of individuals who were qualified for long term nursing home care by tightening up the regulations and so many elderly individuals with serious medical needs were evicted because they didn't fall squarely within these new requirements.

And so, the Blue Grass operation responded very quickly. They developed an overall strategy, one requesting some administrative hearings in essence to

show that individuals did satisfy the requirements.

They also were able to eventually get a ruling that held that the regs themselves were illegal and not in compliance with federal regulations governing Medicaid.

His estimation is that there were over 3,500 persons who had their nursing home care restored because of the ir efforts and all of this happened in a three-month period.

So again, going back to the issue of how do you define quality, he used this example to show that if you can drop what you're doing and fix a program or address a crisis then that is again indication that the quality is transferable.

So from the Provision Committee's quest of trying to get different definitions of quality, we felt that those two indices and the two examples that he gave were very compelling. There were a few other challenges that he or other staff members mentioned that I'd like to share.

One is the funding theme that we have heard over and over again. I guess the unique aspect that he

offered was that their program is now managing over 60 different grant sources and that because of the merger that has occurred they've gone from having eight to nine funding sources to having over 60.

And thus the care and feeding of these funding sources has a cost that we tend not to be aware of because each of those granting sources have different regs, different standards and you have to take care of them and there's a cost to that.

He also shared some information with us that indicated the disparity in funding based on the capacity of states to raise money in addition to the LSC funding and gave some examples of, for example, Minnesota.

Based on the amount of funding they are able to raise or the amount of resources they are able to raise through fundraising they have available to them \$60 per poor person where, on the other hand, Alabama is at \$10 per poor person. Kentucky is a little better than that at \$18 per poor person.

And I think his point was that you can't expect the same type of delivery system or the same

type of quality or you can't have the same standard of quality when you have that type of disparity between the programs and that it ultimately may affect the type of delivery system that a program has.

And so, in part, he was reminding us that as we develop definitions of quality that we can't be oblivious to the fact that programs are not being funded at the same level and therefore we have to take that into account.

Again, on the funding theme, it was shared with us that because of inflation and the increasing costs, especially related to health insurance and salary that goes up each year that the organization is in particular is forced into balancing the books by getting smaller.

And that since many of the funding agencies provide flat funding from year to year that it is critical for LSC to try to increase its funding because otherwise the only approach the agency has is to try to develop some new funding or a new funding source or they're able to have to cut back on programs, et cetera.

Finally, he shared some other indices of quality besides the two that he gave us and the three that he felt were most important were training, supervision and accountability.

Again, there were many other points shared. I think the Blue Grass staff provided us with an excellent insight as to what they are struggling with but I hope that is a highlight of some of the things they shared.

As Helaine indicated, she provided the Provisions Committee with the report on the mentoring project. I won't repeat what he has already said. The Provisions Committee is expecting a final report in February and we hope to be able then to report out to the board our recommendation as to where we should go.

That concludes my report. There are no action items in our committee meeting.

CHAIRMAN STRICKLAND: All right, thank you David. Does any board member have questions for David? Go ahead.

MR. MEITES: I want to pick up on something David said that's really for the benefit of the Finance

Committee. I've been thinking about remarks at the last board meeting that we are going to try to take a different approach to Congress in making our submissions as far as the case we make for increasing our submissions.

And, I think that one thing that David said struck home with me. Our grantees' healthcare costs go up as much as every other employer's healthcare costs and I think that that is the kind of increased cost which Congress will understand. It's not inflation in the classic sense but it is an inflating expense that our grantees face.

That kind of very specific fact I think is likely to be the kind of fact that Congress can understand and I'd ask the Finance Committee to keep that in mind in thinking about the new approach it's working on.

CHAIRMAN STRICKLAND: Thank you. Any other questions for David? Okay. Let's go then to consider an act on the report of the board's Operations and Regulations Committee and for that I'll call on Chairman Tom Meites.

CONSIDER AND ACT ON BOARD'S OPERATIONS
AND REGULATIONS COMMITTEE REPORT

MR. MEITES: Thank you, Mr. Chairman. We had several items in our agenda, several which actually require action by the board. The first, as the board may recall from our last meeting, our committee reported that we had considered a petition by Dean Andal of Stockton, California to amend our Rule 1617, which deals with class actions.

We were informed that Mr. Andal, in fact, would like a chance to appear before our committee and we ask the board to defer action on our recommendation until Mr. Andal had a chance to testify. Our tentative recommendation at that point had been that the petition be denied.

We had the pleasure of hearing from Mr. Andal yesterday. He made a very, I thought, effective presentation and after his presentation we had, the committee had an excellent discussion with Mr. Andal, followed by a discussion with staff and with the head of the Cincinnati Legal Aid.

I believe our committee's conclusions were as follows: First, and I think Mr. Andal concurred with at least the first part that although our regulation was perhaps not a model of clarity that as written it did seem to cover the problems that he was concerned with.

In particular, he was concerned in the not uncommon class action situation where an injunction is obtained where some years after the injunction has been entered a dispute arises about enforcement and the party who obtained the injunction then must seek enforcement of the injunction and, of course, the party who has been enjoined often opposes that position.

Mr. Andal was concerned that our regulation would allow a grantee to continue doing this work even after the 1996 amendments. Our committee discussed this and I believe we explained, at least in our view, that as written our regulation, although it does contemplate post decree work is only in the context of representing individuals who find themselves a part of a class and are entitled individually to relief as a member of a class.

He acknowledged that he -- I believe he acknowledged that he agreed with us that that is appropriate representation for our grantees and we, for our part, agreed with him that any kind of post enforcement of a decree on behalf of the class is not appropriate activity of our grantees. The consensus of our committee was that our class action regulation as written is adequate.

Mr. Andal, however, raised another point, a point that our committee was unaware of and we learned from Mr. Andal and from the head of Cincinnati Legal Assistance the following:

That in 1996 after the amendments prohibiting class litigation were enacted all of our then grantees were required and did provide the corporation a listing of all class litigation in which they were then involved and were given a fairly short period of time to extract themselves from ongoing litigation, which as far as anyone commented to us was done.

There were, however, a group of cases that were dormant, that is cases in which a grantee had been class counsel before the amendment but which were

enacted and because the case was dormant no action was required under our regulations since our regulations only prohibit post decree work in the nature of advocacy and overt litigation.

Mr. Andal, in fact, had come to be concerned about the problem when a decree in Stockton, California suddenly became active many years after it was entered and CRLA, who had been the class representative, who had been the attorneys representing the class took a position which he believed and I believe the inspector general found would have violated regulations by actively litigating the case when it revived.

Mr. Andal said that he had learned that there were at least seven other cases in Southern California of this dormant nature and staff indicated that there probably are others.

We talked about whether it was appropriate that our grantees be directed to withdraw from these dormant cases but we saw there would be substantial problems with asking a federal judge to let an attorney out of a case that was inactive without finding someone to replace them.

Rather than make any judgments on the matter, we have asked staff to report to us by February a comprehensive report on how many of these dormant cases still exist, where they are and we'll then consider further whether we believe any action should be taken.

Having said all that, our committee's position remains the same on the proposed amendments to Rule 1617 and we recommend to the board that it reject Mr. Andal's petition and we, in fact, would ask the board at this time to so act.

M O T I O N

CHAIRMAN STRICKLAND: Do you want to put that in -- is that your motion?

MR. MEITES: That is our motion.

CHAIRMAN STRICKLAND: That is to deny the Andal petition?

MR. MEITES: Right.

CHAIRMAN STRICKLAND: Is there a second to that motion?

MR. HALL: Second.

CHAIRMAN STRICKLAND: Discussion.

MR. MCKAY: I'm wondering and it was late but

I thought I heard Lillian ask to have one more period of time to study Mr. Andal's submission and I'm wondering if the motion might be a little premature.

MR. MEITES: It is. I apologize for that. That's right because at the end she said she would like to see the staff report in February, I'm very sorry, the staff report in February before we acted. I withdraw my motion. Thank you, Mike. But we would hope by February we can report on the matter.

I believe Mr. Andal seemed to appreciate the opportunity we gave him to speak and at least for my part I thought we had a very cordial discussion. Mike.

MR. MCKAY: I agree entirely.

MR. MEITES: On the second item that was before our committee was a proposed staff reorganization. We had a discussion yesterday in closed session and a discussion this morning in open session and the absolute unanimous feeling of our committee is that the reorganization proposed by Helaine is appropriate.

I think the one concern we expressed was that we hoped it would not take her too long to fill the new

positions. There was also considerable discussion about a related item about reporting relationships of the corporation's general counsel.

Our committee's recommendation is that the board approve the proposed reorganization at this time, which does not address directly the general counsel's reporting and that in our February meeting that our committee consider that further.

M O T I O N

MR. MEITES: So at this time, I would move that the board adopt Resolution 2004-13, which is in your books at 92, is that right?

CHAIRMAN STRICKLAND: There is a resolution at 92 and 93 on abolishing certain positions and establishing another one and changing a title. Is that the one?

MR. MEITES: That is correct and I would move that the board adopt that resolution.

CHAIRMAN STRICKLAND: All right.

MR. MCKAY: Second.

CHAIRMAN STRICKLAND: Any further discussion on the motion? I mean I think it was -- yes.

MR. DIETER: A point of clarification. Did we decide that the Office of General Counsel and Corporate Secretary would just bear that title rather than -- and drop the Vice President of Legal Affairs?

CHAIRMAN STRICKLAND: We adopted, as I understood the discussion, we did not do that. We adopted the -- or the discussion I heard was that we were going to take the recommendation as Helaine submitted it and not make any change in it, dotted line or otherwise.

MR. MEITES: The resolution itself does not discuss that position.

CHAIRMAN STRICKLAND: Right.

MR. MEITES: It only talks about the Vice President for Compliance and Administration and the Vice President for Government Relations and Public Affairs, so it does not address directly the issue, Rob.

MR. DIETER: Okay.

CHAIRMAN STRICKLAND: Are there any further discussions?

Hearing none, let's proceed then to a vote on

the resolution, which does not have a number by the way but it's a -- I'm sorry, it's down at the bottom, 2004-013. All those in favor of the motion please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay. The ayes have it and the resolution is adopted. Any further action items?

MR. MEITES: We also heard a report from the Inspector General in closed session. The Inspector General at our February meeting will make a report in Open Session on the work that he proposes to do in this coming fiscal year which we look forward to.

Mike, is there anything else that came before our committee?

MR. MCKAY: No, thank you.

MR. MEITES: Helaine.

MS. BARNETT: 1611.

MR. MEITES: We also somewhat briefly considered Regulation 1611. As the board will recall, we've had extensive discussion on two parts of 1611, group representation and retainers. There is -- the rest of the regulation is also proposed to be

significantly amended.

Our board, our committee felt that we didn't have enough time at this meeting to consider the rest of the amendments and it is our desire to present the entire regulation to the board for its consideration. We believe at our February meeting we can complete work on that regulation and present it to the board for action.

CHAIRMAN STRICKLAND: All right. Is that the conclusion of your report?

MR. MEITES: That concludes my report, thank you.

CHAIRMAN STRICKLAND: Any questions for Tom?

CONSIDER AND ACT ON FINANCE COMMITTEE REPORT

CHAIRMAN STRICKLAND: Next then we'll consider and act on the report of the board's Finance Committee, Chairman Rob Dieter.

M O T I O N

MR. DIETER: The Finance Committee met this morning with Tom Fuentes attending by telephone. Herb Garten and I were present in person. I'm going to go through the agenda as it appeared in the board book

just as an outline.

One of the items we considered was a briefing on the proposed revisions to the fiscal year 2004 consolidated operating budget. Those documents appear in the board book at pages 97 through 103.

David Richardson presented that information to the board. I think most board members were there and heard the briefing. The net effect is that going forward that we have approximately a \$1.5 million carryover to take into fiscal year 2005.

Regarding the next item, which was an update briefing on the proposed revisions to fiscal year 2005 temporary operating budget. That was -- what we had was just simply a briefing regarding the status of the appropriations in Congress and an update regarding the reconciliation between the House number and the allocations under the House number and the Senate number and the allocations under the Senate number. And it's anticipated that we will get a final --

MS. WATLINGTON: Mr. Strickland.

CHAIRMAN STRICKLAND: Yes, Ernestine.

MS. WATLINGTON: Is there any more (off mike)?

CHAIRMAN STRICKLAND: One, two, three, four, five, six. We've got a -- we actually have seven members here and if -- Maria Luisa are you still on? All right, Ernestine we do not necessarily need you for a quorum if you'd like to drop off. Is that what you'd like to do?

MS. WATLINGTON: Yes.

CHAIRMAN STRICKLAND: Well, thank you for participating and we hope to see you soon.

MS. WATLINGTON: All right.

CHAIRMAN STRICKLAND: Thanks very much. Go ahead, Rob. We'll ask Rob to speak into the mike.

MR. DIETER: Okay, can you hear me now? Okay.

With regard to the fiscal year 2005 budget, David Richardson made a brief presentation updating us on information that we had also heard at the breakfast briefing from Lisa Rosenberg regarding the status of the congressional committee conference.

And it's anticipated that we'll get final information regarding the 2005 appropriation on Monday or Tuesday of next week and therefore didn't require any action on our part and we anticipate going forward

with a appropriation rather than operating under a temporary resolution.

And the information regarding that will be provided to the board members through the Office of the President as soon as we receive that and at our next meeting we anticipate taking action on the 2005 operating budget numbers.

Next, we had a briefing by the Inspector General's Office regarding the appropriateness of the Attorney General's Office being charged rent for space in the new building and whether or not that was in conformance with the IG Act and appropriation law regarding line item treatment.

Also, Helaine was present and the briefing to the committee and the committee's recommendation -- well, I guess we don't have to take action as a board on this item at this time, right?

Anyway, as a point of information to the full board, as a result of that briefing and discussions between management and the IG, it was proposed that the rent that has been accounted for in fiscal year 2004 and the issue of whether or not the rent was

appropriately accounted for in fiscal year 2004 and 2005 would be presented to the comptroller of the treasury for a determination and an opinion by that office as to how that item should be accounted for on the books.

In the meantime, with regard to the 2004 rent that management would commence setting aside a reserve in the event that the comptroller ruled against management with regard to its opinion that it was appropriate to charge rent and would build a reserve of \$209,000.

With regard to the fiscal year 2005 rent that management would transfer back to the Office of IG any rent that's been charged to them starting with the fiscal year October 1, 2004 and that the IG would begin setting aside a reserve of \$209,000 to reimburse to management in the event that the comptroller determined that management's position with regard to the propriety of charging rent was the appropriate treatment for this item and at that time then the IG would transfer that money over to M&A.

With regard to fiscal year 2006 going forward

there was presented to the board and the board is making a recommendation or the committee, I'm sorry, is making a recommendation to the full board that we revise our budget mark by increasing it \$209,000 on the IG line to reflect the intent to charge the IG rent in that amount going forward in fiscal year 2006.

Now that resulted in an increase in the overall budget mark from \$362.9 million to \$263,109,000 and resulted in the IG only going up from 2.7 to \$2,909,000.

It is also the intent to clarify in that change that the additional money is sought for rent on behalf of the IG and that if the IG is awarded that \$209,000 that it's not to come out of the M&A line that has been submitted.

And that there would be appropriate clarifying language to notify Congress that this request represents a change and to follow principles of appropriation law with the details to be worked out by the IG and management and administration.

M O T I O N

MR. DIETER: And I guess it's my

recommendation that the board approve a motion to that effect to authorize the chairman and the president to go forward. As I understand it, you already have authority to some extent to modify the budget mark request as the circumstances require and that this would be direction to you to make that modification with these parameters.

CHAIRMAN STRICKLAND: Are you making that as a motion?

MS. BARNETT: May I just seek clarification because I understood that the chairman and I have discretion if something arises that we don't know about ahead of time. I thought we had some discussion whether we would explicitly ask for this. Vic, could you help us on this please? Thank you.

MR. FORTUNO: With respect to the budget request that's correct that the board has traditionally conferred upon the board chair and the president the discretion to take action when a situation arises that's unanticipated and where circumstances don't allow for the board to reconvene following the process for board meetings to go ahead and make an adjustment

in the budget request where necessary.

In a situation like this where there is an opportunity for the board to take it up, then there's no need for the discretion to be exercised by the chair and the president. The board can, in fact, take up the issue.

For example, as I understand it in this case, it's adjusting the budget request for the OIG line to go up an additional \$209,000. This board can take up that issue and provide -- and actually pass on it and decide to ask for \$209,000 more.

You don't have to rely on the discretion of the chair and the president because that's to be exercised only in cases where board consideration isn't feasible.

M O T I O N

MR. DIETER: Well, then with that clarification I guess the proposal is presented in the form of a motion to increase the budget mark by \$209,000 overall with -- I'm sorry, yes, \$209,000 overall with that \$209,000 allocated to the IG line for purposes of payment of rent to management and the LSC

Corporation in fiscal year 2006 with appropriate clarifying language to notify Congress of the intent to make this -- appropriate notifying language to Congress with respect to this allocation being for rent only and for the IG line only so it doesn't come out of M&A, is that it?

MR. FORTUNO: That's my understanding.

MR. HALL: Second.

CHAIRMAN STRICKLAND: All right. Any further discussion on that? Are you there Maria Luisa?

MS. MERCADO: (Off mike.)

CHAIRMAN STRICKLAND: Let's ask David. David is now coming to the microphone. If you can hear us, we'll ask David to try to answer. Yes, we'll ask David to respond to Maria Luisa if you will please.

MR. RICHARDSON: Okay. The prior acting inspector general had requested in 2004 is the first time that there had been a request to include occupancy cost in their appropriation. For a number of years it was \$2.6 million, the appropriation, subject to rescission, actually \$2.5 million and then a small increase here and there.

But the appropriation request the last two years because it had been \$2.6 million, that is fiscal year 2004, 2005, and that included a line for occupancy cost. Additionally, with the submission that the board approved in September for the 2006, the money that the then acting inspector general asked for was also \$2.7 million and that also included in his operational parameters occupancy cost also.

CHAIRMAN STRICKLAND: Okay.

MS. MERCADO: (Off mike.)

MR. DIETER: Well, it gets into a technical interpretation of the appropriations law which, as I understand it the --

MS. MERCADO: (Off mike.)

MR. DIETER: Well, the question is whether it's appropriate for us to charge rent to the IG in light of Section 8 and Section 6(c) of the IG Act that specify that the head of the agency, which is the board, is obligated to provide office space and supplies to the IG.

The issue arose that in '96 when our -- and prior to '96 apparently we were paying all of the rent

and office expenses and then in '96 when there was a separate line item provided for the IG, the issue becomes whether or not by providing a separate line item there are two appropriations lines from which management can make an election as to where they want to charge rent.

The IG's position is that the management does not have the authority to make an election because there are not two appropriation items for this, line items for the same expenditures. Management has taken the position that they do have that authority.

And the IG has taken the position that arguendo if management is correct in that position then the budget documents that we submitted to Congress were not sufficient to make proper notification of the change in the election and from which line item we were making or charging the occupancy costs.

And there is what we perceive at this point a dispute that we -- that the comptroller of the treasury can make an authoritative and final and appropriate opinion as to how that's to be treated and at this point management and the IG have reached an

understanding where the outcome of that opinion, regardless of how the issue is decided, is not going to impact their budgets going forward and that to force the issue in front of the board at this time is likely to have more detrimental budgetary impact and the board may or may not make the correct interpretation of those two competing legal positions.

And so, it's been -- it's the recommendation of the committee that we proceed forward with this effort by management and the IG to work out an appropriate documentation to present to the comptroller for an opinion as to how to treat these items.

And, in the meantime, each party sort of retreat back to a neutral position but be prepared for an outcome either way in terms of having the financial ability to follow through with the decision that's made by the comptroller in terms of the appropriate allocation over the occupancy cost.

MS. MERCADO: (Off mike.)

MR. DIETER: As I understand it management understands that the budget request for increasing the IG line in 2006 may be denied and that we need to plan

on providing that space through our own budget.

I guess the alternative would be to increase the management and administration line by \$209,000 for this purpose rather than put it in the IG line but I think management and the IG feel it's more appropriate to proceed just by identifying it as being an additional cost to the IG office. Is that fair?

CHAIRMAN STRICKLAND: I think that's a fair summary and I think if you'll accept this notation for the record I think the correct terminology is the Comptroller General of the United States, as opposed to of the treasury.

MR. DIETER: All right.

CHAIRMAN STRICKLAND: Just for clarification. All right, any further discussion on Rob's motion, which I believe was seconded was it not?

MR. HALL: Yes, I second it but I now have a question myself.

CHAIRMAN STRICKLAND: All right.

MR. HALL: It seems like in this scenario that if, for example, the comptroller rules in management's favor or management's version of this then the IG gets

some benefit from that because they would now have funds going forward to take care of that expense, am I right, am I following it?

MR. DIETER: If the comptroller --

MR. HALL: If the comptroller decides that this is something that the IG has to take care of that's your responsibility. That's the issue. We aren't sure technically. We have two versions as to who should be responsible.

MR. DIETER: Right.

MR. HALL: So if the comptroller says management is correct and the IG has to take care of it, then IG would have this extra money in order to handle that expense going forward am I right on that first part?

MR. DIETER: Well, if the IG ruled that management was correct in its interpretation of how to charge the occupancy rent to the appropriate line, which would be the IG line, at that point --

MR. HALL: And this addition is approved.

MR. DIETER: Yes.

MR. HALL: This additional request is

approved.

MR. DIETER: Right.

MR. HALL: Then the IG --

MR. DIETER: The IG would owe us \$209,000 for fiscal year 2005 and regardless of whether Congress approved the \$209,000 going forward the IG office would have to pay us \$209,000 rent based on the comptroller's decision.

MR. HALL: Right, but assuming the IG, assuming it does approve it, the IG has the money to deal with it. However, in the other scenario, which is if the comptroller rules that management is wrong and that the IG is right then there is no -- there doesn't appear to be any safeguard for management in that scenario.

Management will have to look at a fixed budget that it had expecting to get rent and now will have to come up with some rent, so we seem to and, again, I second the motion but without having thought through all of this.

We seem to be creating a scenario that would certainly help the IG out depending on a negative

scenario against the IG but we don't seem to have a scenario for management if there's a negative scenario against management.

We feel we have the authority to adjust the budget at this time. Why are we I guess adjusting it only to deal with one scenario as opposed to both scenarios?

MR. DIETER: It's a good question. Without getting into the merits of the legal arguments that the feeling was that it was most appropriate to present it in the context of the IG budget rather than presenting it as an alternative increase in whichever line item the comptroller ruled that the money should be allocated. It is appropriate to charge -- sorry, as an alternative to which line item the comptroller ruled would be appropriate to charge.

So we would, I guess, under your option we'd present a budget mark that was \$209,000 over the old one with an indication for Congress to either allocate it to the IG for rent or to allocate it to us for occupancy costs chargeable to the IG. Is that kind of a fair statement of what you --

MR. HALL: Well, I don't know. I think the spirit of that is very fair. I don't know chargeable to the IG might be some complicated language because if the comptroller says you can't charge the IG, then that may create some problems.

But, I do think we seem like we want a scenario that would keep management from being in a situation where it is now having to go into a budget that I assume is tight and fixed to come up with some costs that it did not anticipate as opposed to creating a scenario.

Because it's possible that the IG can get a real windfall here, that is if it rules, if the comptroller rules in the IG's favor and Congress approves the increase. And I'm sure the IG would put that money to good use but it's still a nice increase that wasn't really needed based on what we have now, yet we have no scenario that seems to take care of management in case there's a negative decision by the comptroller.

So that's the only thing that's a little troubling to me at this point now having thought about

it a little deeper.

MR. DIETER: Maybe the IG should offer his thoughts on this.

MR. WEST: In a nutshell, I determined after looking at my budget that where I charged -- and setting aside the argument about the legality, whether it was appropriate or not for us to be paying rent that if the program is approved and if I were charged for rent in 2004, paid in 2005, that I would run out of money this year.

I have a \$78,000 carryover. That's it and I don't want to get into all the different discussions in terms of -- we've sort of already done that but the essence is what you're worried about is going forward and asking Congress to affirmatively put in the IG's budget for rent takes care of that issue.

The real question we come into is did Congress authorize the IG to pay rent in 2004 and that's what we're debating about. That's what it really comes down to is management thinks there was sufficient authority and notice for the IG to be paying rent. I don't think there was. That's why we're submitting to the

comptroller general to make a decision on the record that existing at the time Congress passed the budget in 2004.

But what we've come up with is a scenario in 2006, if Congress does say to the IG, "Here's \$209,000. The IG is to pay that for rent." Then that issue is resolved. The comptroller general only then will look at 2004, 2005 and so management is safeguarded in that respect. If there is specific authorization from Congress, then I don't think any of us would disagree.

MR. FORTUNO: I think that Professor Hall's point is that if the Congress says "No, we're not going to give you, Mr. IG, an additional or IG an additional \$209,000" and there is no net increase, then that rent payment is going to have to be absorbed by the M&A budget, a budget which was prepared at a time when it was assumed that it would not be paying for IG space.

So I think the point Professor Hall is making, I believe, is would it not be fair to say, "Congress, please appropriate an additional \$209,000. Our preference is that it be appropriated to the IG with the express understanding that this will be for the OIG

to now be paying rent on its space.

But if you elect not to provide that additional language, then please provide the money nonetheless but provide it to M&A so that M&A can go ahead and pay for the IG space."

MR. HALL: That's true and it all really depends on the comptroller's decision and that's something that I assume Congress has no control over or influence on and I don't know when these decisions will be forthcoming.

But one decision is certainly going to have an impact on the other decision, so I think what we are really needing from Congress -- we need some additional funding regardless of who wins I guess is my point because both, I mean Kirt's predecessor, I assume, had a budget and understood that he would be paying rent. I mean this is the first I'm hearing of it.

So that budget assumed that costs could be taken care of. Management presented us with a budget assuming that cost would be taken care of and I assume that they were going to get some money from the IG to take care of occupancy.

However, because of this issue, the IG is in essence saying that I'm not supposed to pay rent and so I think if a decision is made that the IG is not supposed to pay rent, then management is in a tight spot because --

MR. FORTUNO: We've not budgeted for it.

MR. HALL: You haven't budgeted for it and so I think the request has to be one that is allowing either side to take care of this shortfall. And I take Kirt at his word that based on my vision of where this office is going, there are some things I need to do and I can't pay that rent.

And, if we accept that as face value, then I think we also need to accept at face value management's notion that I wasn't expecting to have to cover this. So we need some extra dollars to cover whatever the contingency.

Whatever the comptroller decides we should be able to protect management or we should be able to protect Kirt. I think the way it's presently drafted it only protects the IG and that's what.

CHAIRMAN STRICKLAND: All right. Well, let's

have an amended motion or some resolution or we will spend the rest of the afternoon dancing around on the head of this pin. Do you have a suggested amendment to your motion, Rob, in order to deal with this?

M O T I O N

MR. DIETER: Well, my familiarity with the issue would be to just recommend that we increase the management and administration line by \$209,000 and not charge the IG rent and my understanding of our lease would be that that rent figure probably is pretty stable going forward for ten years.

And that we build that into our budget and recoup it that way because of the language in the IG Act and likelihood and I don't have any basis to decide this but one of the considerations for presenting it this way and acknowledging that going forward in '06 that management understood that they weren't to build in \$209,000 into their expenses was the least likely way to create a problem when it was presented to Congress in terms of them wondering what is happening over there and why we're making this additional request. So that would be my recommendation in terms

of --

MS. MERCADO: (Off mike.)

MR. DIETER: Yes, to some extent it appears that it might be relatively academic considering what our funding is likely to be for this fiscal year taking into account a rescission. And so, we're already asking for \$362 million. This would up it to 363-something but that would be my alternative that either we get the money through our line item or we don't get it.

CHAIRMAN STRICKLAND: Herb.

MR. GARTEN: I personally like the Hall amendment but I have some questions. Can you present the budget mark with alternatives?

MR. FORTUNO: I frankly don't know. It's not a situation -- I guess as it currently stands there are sorts of alternatives in it because we've currently said that we want funding for -- I think there was a provision for Native American funding, for example, where what we're asking is for additional funding for Native Americans but that the Native American piece of the pie would not change if the pie remains the same,

only if we get additional funding solely for that purpose.

So I guess there is a kind of a contingency request in the budget currently. They haven't acted on it so I don't know. I frankly don't have experience with how Congress has acted on these conditional requests. Kirt, do you happen to have any background in it?

MR. WEST: No.

MR. GARTEN: But there is a precedent that you're talking about right now.

MR. FORTUNO: In terms of the current request.

MR. GARTEN: Yes.

MR. FORTUNO: I think there is a --

MR. GARTEN: What about the -- what is the latest date you think you would get an opinion from the comptroller general on this?

MR. FORTUNO: The latest date?

MR. GARTEN: Yes.

MR. FORTUNO: Years from now. It could be sooner but it's not -- I would not proceed exclusively on the assumption that we're going to get a quick

turnaround. I don't anticipate it.

MR. GARTEN: Kirt, do you object to it being stated and incorporating the Hall amendment?

MR. WEST: Can I make a request? I'd like to go into executive session for a couple minutes on this.

CHAIRMAN STRICKLAND: Do we have authority to do that, Vic?

MR. FORTUNO: You can't go into executive session for purposes of making a decision or even deliberation as in comparing alternatives and assessing alternatives and preferences. I guess that we could probably -- it might be referred to as an executive session but it would technically be a session that's not a part of this meeting, which would be a briefing.

You could, if the board is given a briefing by staff, the briefing is technically not part of a Sunshine meeting. The problem though is that if you get information for purposes of decision making. It's a close call.

I think that if you essentially go into a private meeting that's not a Sunshine meeting because there's no deliberation involved and simply get

information and to the extent that you ask any question, the questions are aimed at focusing the issue and clarifying the information being provided to you but you don't start to assess the alternatives and start to deliberate then you can probably do it, although it's a close call.

CHAIRMAN STRICKLAND: All right. We do have an item on the published board agenda for a closed session for a briefing by the Inspector General on activities of the Office of the Inspector General. I would ask you then is there room under that agenda item for us to receive a briefing on this subject?

MR. FORTUNO: Yes.

MR. HALL: But then we would have to come back into open session.

MR. DIETER: Oh, yes, no question.

MR. MEITES: I have to leave at 3:30. Is my departure going to affect the quorum?

CHAIRMAN STRICKLAND: Well, we have Maria Luisa. Can you stay with us, Maria Luisa? All right, so that would be one, two, three, four, five, six, seven.

MR. MERCADO: (Off mike.)

CHAIRMAN STRICKLAND: Hold on. We're just not taking it up right this minute. We're trying to decide how to proceed next.

MR. GARTEN: That I think would affect me too.

(Simultaneous conversation.)

MR. FORTUNO: The IG informs me that this would be a matter of two minutes for him. Maybe we could do this is amend the agenda, go into closed session right now and get the IG's briefing. I think unless you want me to offer a litigation report, you've got a written report. I could just rest on that.

We could go back into open session and then do the SAR because you need a quorum for that as well unless you're prepared to take it up Monday. But as a practical matter, I think you need to do that today. I don't think that it's practical to deal with it on Monday.

CHAIRMAN STRICKLAND: I agree with you.

MR. DIETER: Let me propose one other item if that's all right.

CHAIRMAN STRICKLAND: Sure.

MS. MERCADO: (Off mike.)

MR. DIETER: My suggestion would be that we go forward with the revision for '06 as proposed and that in '07 we build into the budget request the \$209,000 item into one of the two budgets at that point and our down side exposure to management is \$209,000 for '06 in terms of -- it kind of puts a time limit on it. I don't know.

CHAIRMAN STRICKLAND: Helaine, do you have a comment?

MS. BARNETT: Well, '04 has not been determined yet.

CHAIRMAN STRICKLAND: Right.

MS. BARNETT: So '04 has not been determined and it seemed to me that the recommendation by Professor Hall was a protection for both the IG and management regardless of what the Comptroller General's decision was. We've already covered it or split it, so to speak, right now with we paying '05 and '04 staying having been paid by the IG. So in essence we're both at risk for one year. We're talking about now being at risk for '06.

And it seems to me at risk of '06 Professor Hall's suggestion is having the money there and whoever ends up having to pay it would have the advantage of having that additional money should it be authorized or appropriated, sorry.

MR. HALL: It seems like we could go to Congress with that request indicating the reason for it because I thought your argument was the reason we wanted to word it the way you were was because they would be more sensitive to the fact that it's because of IG rent. I mean and if that is the thinking we could still let that be part of the rationale but I guess the request is for the funds to be allocated so that it could address either side of the scenario in regards to who get assessed with this cost.

MR. DIETER: Maybe we should have the briefing.

CHAIRMAN STRICKLAND: All right. What's the board's pleasure? Do you want a very short briefing from the Inspector General in a closed session pursuant to that item on the agenda?

M O T I O N

MR. DIETER: I so move.

CHAIRMAN STRICKLAND: All right. And, Vic, you said you can rely on your written report, so we'll need to have a closed session to receive your report. Therefore, this will be -- this short closed session will be it for closed sessions for today and we'll end up adjourning the meeting from the open session.

MR. FORTUNO: Yes.

CHAIRMAN STRICKLAND: I take it we can do that without --

MS. MERCADO: (Off mike.)

M O T I O N

CHAIRMAN STRICKLAND: Now, all we're doing at the moment, Maria Luisa, is going into closed session for -- let's take a vote on that formality. All right, any discussion of those in favor of going into closed session pursuant to the agenda say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed nay. All right. We're in closed session.

(Whereupon, at 3:02 p.m., the meeting was adjourned to closed session.)

* * * * *

(3:18 p.m.)

CHAIRMAN STRICKLAND: All right. We're back in open session.

Why don't you either withdraw your previous motion or make a substitute motion? I'd suggest why don't you withdraw your previous motion.

M O T I O N

MR. DIETER: Yes, move to withdraw the previous motion and present a new motion to the full board to increase the budget mark for fiscal year 2006 from \$262.9 million to \$263,109,000 and at the time we are to present line item appropriations under that total appropriation that the management and administration line be increased from \$14.1 million to \$14,309,000.

CHAIRMAN STRICKLAND: Could you restate the total amount?

MR. DIETER: The total amount as I understand the budget mark was 362.

CHAIRMAN STRICKLAND: Yes, I heard you say two. I think it's 362 isn't it?

MR. DIETER: Three sixty-two, \$362,900,000.

CHAIRMAN STRICKLAND: All right.

MR. DIETER: And that would increase to \$363,109,000, an increase of \$209,000 and that the itemization for allocation under the total appropriation to the M&A line would be \$14,309,000.

CHAIRMAN STRICKLAND: All right.

MR. HALL: Second.

CHAIRMAN STRICKLAND: Any further discussion on that item? All those in favor of the motion please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay. The motion is adopted.

MR. DIETER: I have one more item.

CHAIRMAN STRICKLAND: Oh, go ahead.

MR. DIETER: I'm sorry. We also took under -- had a briefing with respect to the insurance coverage for directors and officers liability. We were given policy limits and deductibles and premium costs.

And it was the recommendation of the committee on a 2-to-1 vote with Tom Fuentes voting against to recommend to the board that we increase the policy

limits for directors and officers liability insurance to \$5 million beginning with the current policy year.

That cost for that policy we understand is quoted at \$128,600 for the full year with a \$50,000 deductible. It's also our understanding that several bids were put out and there was competitive consideration of our insurance needs and that the previous carrier, who has historically carried our coverage was the only person to submit a bid and their bid was \$128,600 for \$5 million of coverage with a \$50,000 deductible.

And, subject to counsel confirming that there is no limitation on liability to officers and directors serving for LSC that is provided by local District of Columbia law or any other federal law that might cover the liability.

CHAIRMAN STRICKLAND: So are we taking up a motion to increase the policy limits?

M O T I O N

MR. DIETER: I move that the full board move to increase the policy coverage under LSC's directors and officers liability insurance to \$5 million with a

\$50,000 deductible and adopt that coverage as soon as possible within the current policy year.

CHAIRMAN STRICKLAND: Second to the motion?

MS. MERCADO: Second.

CHAIRMAN STRICKLAND: Any further discussion on that? All right. We had a pretty full discussion of it, I would add for the record, during the Finance Committee meeting at which substantially all the board members were present.

Hearing no further discussion all those in favor of the motion please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed? That motion is adopted.

CONSIDER AND ACT ON INSPECTOR GENERAL'S
SEMIANNUAL REPORT TO CONGRESS, APRIL 1 - SEPT. 30, 2004
AND LSC'S RESPONSE

CHAIRMAN STRICKLAND: The next item is consider and act on the -- I'm sorry, consider and act on management's response to the Inspector General's semi-annual report to the Congress for the period of April 1 through September 30, 2004.

Although the cover of this just says the semi-annual report to Congress, the so-called SAR which includes management's comments on the Inspector General's semi-annual report is that one and the same item?

MR. FORTUNO: I think that it may be that the logo kind of breaks it up but I think it's supposed to -- it's intended that it be read Legal Services Corporation Board of Directors semi-annual report to the Congress for the period April 1, '04 through September 30, '04.

If it's read that way, then I think that's sufficient but it is under parlance of the IG Act. It's management's -- is it response or comments on the OIG's SAR.

This actually goes a little further. I think that the draft response in this instance, as it has in the past, goes beyond merely responding or commenting on the OIG's SAR.

It actually is kind of a, I don't want to say public relation's tool but it is used as a device to help Congress better understand the sorts of things

we're doing and accomplishments being made.

CHAIRMAN STRICKLAND: All right. So the action we need to take then is to approve this document?

MR. FORTUNO: Yes.

M O T I O N

CHAIRMAN STRICKLAND: And has everybody had a chance -- everybody has been furnished with a copy of this draft report and if everybody is ready, I'll be glad to entertain a motion to approve the Legal Services Corporation semi-annual report to the Congress for the period April 1, 2004 to September 30, 2004.

MR. DIETER: I so move.

CHAIRMAN STRICKLAND: Is there a second?

MR. HALL: Second.

CHAIRMAN STRICKLAND: Seconded by David Hall.

Any discussion on the document or the approval of that motion? Hearing none, all those in favor of the motion please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay.

Adopted unanimously.

CONSIDER AND ACT ON 2005 BOARD

MEETING DATES AND LOCATIONS

CHAIRMAN STRICKLAND: The next item then is to consider and act on dates and locations of the board's meeting for calendar year 2005. There's a tab in your book. Let's see it's at page 113, sorry 114.

I took a straw poll. This is sort of an information item for you. I took a straw poll about board members' preferences for number of meetings annually and I believe that the average number of meetings held by the board over the past 12 or 14 years is 6.7 times annually.

So obviously to get on either side of that you got to be either seven or six if you want to maintain that average. But what I got back from most board members was, again on a very informal straw poll, was that while we are required by law to meet four times a year, if I'm correct on that Vic.

MR. FORTUNO: That's correct, at least four times a year.

CHAIRMAN STRICKLAND: The words "at least"

four times a year that most directors or a majority of the directors not taking any action however, I emphasize that just purely a straw poll, seemed to favor five meetings a year. So this schedule as proposed would contemplate a fifth meeting.

And without setting specific dates, I think we've learned that we do not do very well sitting around the table trying to review everyone's calendars that we have Pat Batie poll the board as to available dates but within these time frames.

And the locations, however, have been discussed. Management has already reviewed those and is recommending, as I understand it, you're recommending those to us as locations for various reasons. You may remember that we thought about going to San Juan last year. We didn't do it for one reason or another but that is our largest grantee program and the board has never been to visit the programs in Puerto Rico.

So we're putting this in the heat of the summer so that we can afford the cost, as I understand it. That's the rationale? But I think it's important

that the board for the first time in its history visit that program, so that's just a passing comment but are there any questions about this schedule?

MR. FORTUNO: Mr. Chairman, if I may.

CHAIRMAN STRICKLAND: Yes.

MR. FORTUNO: I've been informed that SCLAID will be meeting April 30th through May 1st of '05 in Santa Fe, New Mexico and that the ABA's Equal Justice Conference will be May 4th through May 7th of '05 in Austin, Texas. So for purposes of planning that may be relevant information and I thought I'd go ahead and pass that on.

CHAIRMAN STRICKLAND: All right. We'll ask Helaine to make note of that in terms of dates that are recommended for the spring meeting. I think that while we may or may not have the fifth meeting, I think that the board, as I said, has expressed itself informally about preferring five meetings each year.

Helaine, however, has requested of me at least that we consider the fact that she does not have her reorganization complete and everyone in place that she intends to have in place but that once she gets that

team in place that we would then move definitely to a five meeting schedule. But unless there's objection, do we need a formal vote on this?

Did you ask us to vote on it or shall we just generally by consensus say that this meeting schedule looks okay subject to determining the dates by polling the board? Is that satisfactory with the board?

All right. Let's handle it that way and let me get back here to the agenda.

All right, we're down to that item. Vic, you already told us that we may consider your written report, which is in the board book.

MR. FORTUNO: Yes.

CHAIRMAN STRICKLAND: On pending litigation we do not need a closed session for that.

CONSIDER AND ACT ON OTHER BUSINESS

CHAIRMAN STRICKLAND: We're now at the point of considering and acting on other business. Is there any other business?

PUBLIC COMMENT

CHAIRMAN STRICKLAND: And the last item is, is there any public comment? Yes, sir, Terry Brooks.

MR. BROOKS: Thank you, Mr. Chairman.

I want to thank you for your warm welcome and hospitality at this meeting. I will not give a lengthy report but I wanted to inform the board that the American Bar Association standing committee on legal aid and indigent defendants has launched a project to review and potentially revise the ABA's standards for providers of civil legal services to the poor.

A special task force has been formed to work with the committee on that project. A reporter has been retained, John Tull, who was the reporter for the last iteration of the ABA standards and the task force will be chaired by Sarah Singleton, who I believe most of you have met.

CHAIRMAN STRICKLAND: Yes.

MR. BROOKS: The task force consists of 15 members drawn from ABA leadership, from various directors of Legal Services funded and non Legal Services funded programs and from other relevant communities, including the IOLTA community.

The project contemplates three hearings on the standards to obtain input from members of the

community, members of this board, other interested parties. The first of those hearings will be held on December 3rd in Washington, D.C. in conjunction with the NLADA's annual conference.

There will be two subsequent hearings. Right now those are scheduled for the Equal Justice Conference in May and for late June, the substantive law gathering on the West Coast that NLADA sponsors.

The committee hopes to bring this project to closure in time to present it for adoption as ABA policy in February of 2006 and I know the committee would welcome comments, participation from any member of this board or others that you suggest as we go along and try to bring this to a fairly rapid closure on an ambitious schedule. Thank you.

CHAIRMAN STRICKLAND: Any questions for Terry?

MS. BARNETT: No. I just want to add that I have been asked to be the first one to testify at the December 3rd meeting, so I welcome any suggested thoughts that the board members may have at that time and I think I'm on the task force.

MR. BROOKS: I should mention that President

Barnett has been asked to serve as a member of the task force as well. Thank you.

CHAIRMAN STRICKLAND: Thank you. David.

MR. HALL: I would also like to say that the Provisions Committee has taken on as its major focus this year of quality and we see the revision of the ABA standards as a critical part of that.

So I would like to go a step further and say that at a point in time where the task force has gotten to a place where it has either developed some revised standards that I would in consultation with other members of the Provisions Committee would like to invite the task force chair to come and present that to us before there is a final decision so that at least the Provisions Committee and hopefully other members of the board could react and comment because we do see that process as being very critical to our quality agenda.

MR. BROOKS: Thank you. I will convey that to the committee. I know that they wish to have a thorough and open process throughout and will welcome that additional input.

CHAIRMAN STRICKLAND: Thank you very much, Terry, appreciate your being here. Don, did you have something? Yes.

MS. BARNETT: I would like Don to come up. He has just informed me and I'd like him to specify with details that the million dollars has been awarded to LSC for the program.

CHAIRMAN STRICKLAND: All right. Tell us about that.

MR. SAUNDERS: Good afternoon and I'm sorry for the delay and I had no chance to confer with Helaine but I just have learned about the results of the conference.

My name is Don Saunders. I'm the Director of Civil Legal Services for the National Legal Aid and Defender Association. The essential news about the appropriation is the House figure was adopted, the higher figure of \$335,282,000.

There were two rescissions, so I can't do the math about what that would be to us, an across the board rescission that applied to the whole bill of eight-tenths of one percent and an additional .54

similar to last year that applied just to the commerce, justice and state bill.

So the overall rescission on that 335 figure would be 1.34.

The really exciting news is that the conferees did agree on the full funding for the Alumni Payment Assistance Program. They reduced a bit the census adjustment to \$1.83 million and probably unfortunately from the perspective of the corporation the TIG grants were reduced to 1.27.

But in essence the House figures prevailed for the most part absent the rescission and by far the most notable news is the Alumni Payment Assistance Program was adopted.

CHAIRMAN STRICKLAND: Thank you very much for bringing that news to us. That's good news.

All right, any other public comment?

CONSIDER AND ACT ON MOTION TO ADJOURN MEETING

CHAIRMAN STRICKLAND: I would entertain a motion to adjourn.

M O T I O N

MR. HALL: So moved.

MS. MERCADO: Second.

CHAIRMAN STRICKLAND: All right.

Hearing no objection that motion is adopted
and we are adjourned.

Thank you very much, everybody.

(At 3:36 p.m., the meeting was adjourned.)

* * * * *