

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Friday, June 27, 2003

9:10 a.m.

The Latham Hotel
3000 M Street, N.W.
Washington, D.C.

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman
Lillian R. BeVier, Vice Chair
John T. Broderick, Jr. (by telephone)
Thomas A. Fuentes
Herbert S. Garten
Michael D. McKay
Thomas R. Meites
Maria Luisa Mercado
Florentino A. Subia
Ernestine P. Watlington

STAFF AND PUBLIC PRESENT:

John N. Erlenborn, President
Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel & Corporate Secretary
Randi Youells, Vice President for Programs

STAFF AND PUBLIC PRESENT (con'd):

Mauricio Vivero, Vice President for Government Relations & Public Affairs
John Eidleman, Acting Vice President for Compliance and Administration
David L. Richardson, Treasurer and Comptroller
Leonard Koczur, Acting Inspector General
Laurie Tarantowicz, Assistant Inspector General and Legal Counsel
David Maddox, Assistant Inspector General for Resource Management
Mattie C. Condray, Senior Assistant General Counsel
Alice Dickerson, Director, Office of Human Resources
David Hall, LSC Board Nominee (by telephone)
Julie Clark, Vice President for Government Relations, National Legal Aid and Defenders Association (NLADA)
Linda Perle, Senior Attorney-Legal Services, Center for Law and Social Policy (CLASP)
Melville D. Miller, Executive Director, Legal Services of New Jersey

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MOTIONS: 4, 9, 12, 13, 14, 16

P R O C E E D I N G S

CHAIRMAN STRICKLAND: Good morning, everybody.

And I call to order the June 27th/28th meeting of the Board of Directors of the Legal Services Corporation, and I welcome all the Board members who are here in person. And I understand we have two Board members, Justice Broderick and David Hall, our Board nominee, participating by telephone. Can both of you gentlemen hear us?

MR. BRODERICK: Yes, I can, Frank.

MR. HALL: I can hear. Not as clearly as I would like, but I can hear.

CHAIRMAN STRICKLAND: All right, David. We'll do our best to speak up. And I welcome both of you. And essentially, I appreciate your attendance by conference call.

The first order of business is we entertain a motion to approve the agenda that's printed in your Board book at page 92. Is there such a motion?

M O T I O N

VOICE: So moved.

CHAIRMAN STRICKLAND: Is there a second?

VOICE: Second.

CHAIRMAN STRICKLAND: Any discussion on the motion?

(No response.)

CHAIRMAN STRICKLAND: Hearing none, I'll prepare the motion to adopt it unanimously. Or is there any objection to adopting the motion unanimously?

(No response.)

CHAIRMAN STRICKLAND: Hearing none, the agenda is approved unanimously and is adopted as our agenda.

Let me make a brief explanation of the way we're going to conduct our agenda. If you note that we have, as usual, a June 27th session, but we also have a continuation of the open session on Saturday morning. The reason we're doing that is that this morning, the principal business that we'll take up is the establishment of our freestanding committees, as well as two other committees, and then we will recess the meeting. And the Board and perhaps others -- I don't know who is invited to -- I know the Board is invited

■ to take a tour of the corporation's new facilities on K
■ Street. Is that the intention, that the Board take the
■ tour?

■ MR. FORTUNO: Yes. We're going to have a
■ function to which everyone will be invited to tour the
■ new facility. But for today, recognizing the time
■ constraints under which we're working, it would just be
■ the Board for a quick tour of the building.

■ CHAIRMAN STRICKLAND: All right. Thank you,
■ Victor.

■ With that additional explanation, then, it
■ will be the Board -- after we recess the morning part
■ of the meeting, the Board will go by motor vehicle to
■ the new building. I took a walk over there yesterday
■ from the hotel. And it's a little too hot to be taking
■ that walk, unless you're dressed in your running gear.

■ Then the remainder of the meeting, the usual
■ approval of minutes and receipt of reports of
■ committees, adoption of resolutions, and things of that
■ sort, will be taken up tomorrow morning at our regular
■ time.

■ The next item is a report from the Chair on
■ suggested procedures to guide the search for a new
■ president and new inspector general. And let me just
■ make a few comments relative to that.

■ Most of this is based on some conversations I
■ had with each Board member individually during a
■ conference call meeting recently. I had indicated on
■ the record that I would undertake to call each member
■ of the Board, and I did that. And as a result of those
■ conversations, I can report that I believe it was
■ unanimous that we should establish a -- it was
■ unanimous that we should establish a Search Committee
■ of the Board, and further, that it be made up only of
■ Board members. It is a Board responsibility, so it was
■ the view of the Board that we should establish a Search
■ Committee consisting of Board members.

■ In addition to that, it was determined in
■ those conversations that we should receive comments
■ from interested organizations such as the National
■ Legal Aid and Defenders Association, the American Bar
■ Association's Standing Committee on Legal Aid and

■ Indigent Defendants, and perhaps others. But those
■ were two that we specifically noted as groups from
■ which we would like to receive comments relative to the
■ presidential search.

■ We hope to be able to complete the search
■ process -- at least one search firm has told me that we
■ might be able to do it in three months. I hope that we
■ can abide by that time line. And I don't know at this
■ point whether we'll put the inspector general search on
■ that same track, but perhaps we can do that as well.

■ In terms of what we would expect to include in
■ the search process, among others, we will develop the
■ position description and a search strategy. Then we
■ would begin to target some prospects in the usual
■ professional search procedures that are customary in
■ finding a person for a position of this type, and begin
■ to profile and develop a list of candidates from whom
■ we would probably boil it down to approximately three
■ so-called top candidates.

■ And after that, the Search Committee -- and we
■ would ask that the search firm -- we would also engage

■ a professional search firm to assist us in this regard,
■ and we would ask the search firm to develop a list of
■ top candidates for us and through a screening process,
■ after which the Search Committee would conduct
■ interviews. And subsequently, when we reduce it, say,
■ to our top three candidates, then the entire Board
■ would participate in the remaining aspects of the
■ selection of that individual.

■ And as I said, we would hope to do that in
■ three months. And if it takes longer than that, then
■ that may be beyond our control. But that will be the
■ target that we will try to follow.

■ Does any Board member have any question about
■ that process? Does that sound generally acceptable to
■ the Board if we follow that procedure?

■ (No response.)

■ CHAIRMAN STRICKLAND: Good. I don't think
■ there's necessarily any action required on that general
■ procedure, but I just thought I would announce that as
■ the process that we would intend to follow as a Board.

■ And I would like to move next to the

■ consideration and action on the establishment of a
■ Search Committee for LSC president and inspector
■ general. Is there a motion that we'd establish a
■ Search Committee for those purposes?

■ M O T I O N

■ MS. MERCADO: So moved.

■ CHAIRMAN STRICKLAND: A second?

■ MS. WATLINGTON: Second.

■ CHAIRMAN STRICKLAND: Any discussion?

■ (No response.)

■ CHAIRMAN STRICKLAND: All those in favor of
■ the motion, please signify by saying aye.

■ (Chorus of ayes.)

■ CHAIRMAN STRICKLAND: Those opposed, nay.

■ (No response.)

■ CHAIRMAN STRICKLAND: The ayes have it. And
■ we have formed a Search Committee.

■ Now, next, it's my understanding that under
■ the by-laws and other regulations that are applicable
■ to the conduct of our business, that in the process of
■ consideration and acting on the appointment of a search

■ firm, that we could take that up in an executive
■ session. However, we will need to adopt a resolution
■ authorizing the Board to go into an executive session
■ for that purpose.

■ So if you'll note item 4 on the agenda, to
■ consider and act on whether to authorize an executive
■ session on June 28th of the Search Committee for the
■ LSC president and inspector general to consider search
■ firm options.

■ Our general counsel has suggested that we
■ adopt a very specific resolution on that subject,
■ rather than a general motion. And Mr. Fortuno, should
■ we read the resolution into the record? Or how should
■ we best get that into the record?

■ MR. FORTUNO: I believe that a copy has been
■ provided to each director, and I think that copies of
■ the resolution are available in the packet.

■ CHAIRMAN STRICKLAND: All right.

■ MS. MERCADO: Is this the resolution 2003-007?

■ CHAIRMAN STRICKLAND: Right.

■ MR. FORTUNO: So while you may, of course,

■ read it --

■ CHAIRMAN STRICKLAND: I don't think I'll --
■ unless there's a legal requirement, I would not want to
■ burden the Board or the audience with reading the
■ resolution verbatim. But in light of that, I'll ask if
■ there's a motion that the Board adopt Resolution 2003-
■ 007 relative to the establishment of a Search Committee
■ for LSC president and inspector general.

■ M O T I O N

■ MS. MERCADO: So moved.

■ CHAIRMAN STRICKLAND: Is there a second?

■ MS. WATLINGTON: I second it.

■ CHAIRMAN STRICKLAND: Any discussion on the
■ motion?

■ (No response.)

■ CHAIRMAN STRICKLAND: All those in favor,
■ please signify by saying aye.

■ (Chorus of ayes.)

■ CHAIRMAN STRICKLAND: And those opposed, nay.

■ (No response.)

■ CHAIRMAN STRICKLAND: The ayes have it, and

■ that resolution is adopted.

■ Next is the item 5, to consider and act on the
■ establishment of an Annual Performance Reviews
■ Committee. Is there another number -- if you would
■ bear with me and move back to item 4, we established
■ the Search Committee with that resolution adopted for
■ item 3, but I don't think we considered on whether to
■ have that committee, now that it's been established,
■ tomorrow morning to go into an executive session to
■ consider and possibly select a professional search
■ firm. So I would entertain a motion relative to item 4
■ to authorize a June 28, 2003, executive session of the
■ Search Committee to consider and act on search firm
■ options. Is there a motion to adopt that item?

■ M O T I O N

■ MR. GARTEN: So moved.

■ CHAIRMAN STRICKLAND: Second?

■ MS. MERCADO: Second.

■ CHAIRMAN STRICKLAND: Any discussion?

■ (No response.)

■ CHAIRMAN STRICKLAND: All those in favor of

the motion, please signify by saying aye.

(Chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay.

(No response.)

CHAIRMAN STRICKLAND: The ayes have it, and that motion is adopted.

And now item 5, consider and act on the establishment of an Annual Performance Reviews Committee. That's a committee that has been traditionally formed on an annual basis to evaluate the president and inspector general through a Board committee. This is the establishment of that committee, not the designation of directors to be on that committee. But is there a motion to establish the Annual Performance Reviews Committee?

M O T I O N

MS. MERCADO: Mr. Chairman?

CHAIRMAN STRICKLAND: Yes.

MS. MERCADO: I move Resolution Number 2003-008.

CHAIRMAN STRICKLAND: Is there a second to

■ that motion?

■ MS. BEVIER: Second.

■ CHAIRMAN STRICKLAND: Any discussion?

■ (No response.)

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

■ (Chorus of ayes.)

■ CHAIRMAN STRICKLAND: Those opposed, nay.

■ (No response.)

■ CHAIRMAN STRICKLAND: The ayes have it, and
■ that resolution is adopted.

■ Now let's move to item 6, the consideration
■ and action on assignment of directors to the Board's
■ Search Committee, Annual Performance Reviews Committee,
■ Finance Committee, Operations and Regulations
■ Committee, and the Provision for Delivery of Legal
■ Services Committee.

■ I have previously circulated to the Board a
■ proposed list of committee assignments, and prior to --
■ and I have made a couple of minor changes in those
■ assignments, and I believe I've discussed those minor

changes with each member of the Board individually.

I would note to the Board that under our by-laws -- and it's my information that the predecessor Board had acted under the authority of the by-laws to delegate to the Chair the designation of members of committees and the chairs of those committees. And I would like to ask the Board for the delegation of that.

I don't feel like the authority that had been delegated to the Chair of the previous Board would carry over to this Board. So I would like to ask the Board to delegate that authority to the Chair. And with regard to that, I would entertain a motion to that effect, if there is such a motion.

M O T I O N

MS. BEVIER: So moved.

MS. MERCADO: Second.

CHAIRMAN STRICKLAND: Any discussion on the motion?

(No response.)

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

■ (Chorus of ayes.)

■ CHAIRMAN STRICKLAND: Those opposed, nay.

■ (No response.)

■ CHAIRMAN STRICKLAND: The ayes have it, and
■ that motion is adopted.

■ Now, pursuant to that delegation of authority
■ by the Board, I am announcing the Board committee
■ assignments in accordance with this memorandum that I'm
■ going to circulate right now.

■ MS. MERCADO: Mr. Chairman, I note that I had
■ a copy when I arrived last night at the hotel.

■ CHAIRMAN STRICKLAND: I have a --

■ MS. MERCADO: Is it a different one? Two six?

■ CHAIRMAN STRICKLAND: -- a slight revision to
■ that. Let me pass that out now. And we'll give the
■ court reporter a copy of this memorandum.

■ But let me just cover this in a more public
■ way so that it is clear on the record. We have
■ participating with us by telephone this morning David
■ Hall, who is one of our nominees. And with respect to
■ -- I mention that because I have his name on this list.

Under our Provision Committee, Maria Luisa Mercado will act as chair of that committee until the appointment of David Hall to our Board, at which time David will chair that committee. And other members of that committee will be -- Ms. Mercado would continue on that committee after David Hall is appointed, together with Mike McKay, Florentino Subia, and Ernestine Watlington, an experienced member of that Provision Committee and a former chair of that committee.

The Finance Committee will be chaired by Rob Dieter, and also on the committee will be Tom Fuentes and Herb Garten.

The Operations and Regulations Committee will be chaired by Tom Meites, and also on the committee will be Lillian BeVier and Justice Broderick.

The Annual Performance Reviews Committee will be chaired by Professor BeVier, and also on that committee will be Tom Fuentes, Herb Garten, and Tom Meites.

The Search Committee for president and inspector general, I will chair that committee, and

also on the committee will be Lilly BeVier, Rob Dieter, David Hall, upon his appointment to the Board, and Ernestine Watlington, who will serve until her successor is appointed to the Board.

And as I noted in the final lines of this memorandum, I thank each Board member for his or her willingness to serve on those committees, and I look forward to working with all of you on those committees.

MS. BEVIER: Mr. Chairman, I have a question.

CHAIRMAN STRICKLAND: Yes.

MS. BEVIER: On the Provisions Committee, Ernestine Watlington is on the committee, and there's no parenthetical there to indicate that she will be replaced on that committee by her successor. Do you --

CHAIRMAN STRICKLAND: Yes, actually, I think that was the intent.

MS. BEVIER: The intent.

CHAIRMAN STRICKLAND: Yes. I appreciate that. I believe that should take place. And with that amendment, I will -- we will deal with that. That will just be more or less automatic when that person is

■ appointed.

■ MS. BEVIER: Right. Okay. I thought it
■ probably would be. But it's indicated in the other
■ committee and not indicated on this one, so I thought
■ it was worth mentioning.

■ CHAIRMAN STRICKLAND: Right. I appreciate
■ your pointing that out. And I think that's a wise
■ suggestion, and we'll follow that.

■ Unless there are any other --

■ MR. FUENTES: Mr. President?

■ CHAIRMAN STRICKLAND: Yes, sir.

■ MR. FUENTES: Mr. Chairman, rather. On the
■ search committee for president and inspector general,
■ we talked about this morning a 90-day time frame to
■ roll forward with that. Do we have some insight? Two
■ of the members -- Mr. Hall, upon his appointment to the
■ Board, if it takes as long for him to be appointed as
■ some of us have --

■ CHAIRMAN STRICKLAND: We have -- if I may
■ interrupt, with regard to Mr. Hall, the latest
■ information we have on that is that that may occur

■ shortly after the July 4 recess. In other words, very
■ quickly. And just as a couple of our Board members
■ were sworn in other than at a Board meeting, I would
■ hope that Mr. Hall would be able to arrange for a
■ swearing in so that he could begin working with the
■ committee.

■ MR. FUENTES: How would that work? And in the
■ case of Ernestine, it says "to be replaced by her
■ successor." So she gets started in the process, and
■ within this 90-day time frame, that could change.
■ Isn't that awkward? Or will that function, really?

■ CHAIRMAN STRICKLAND: It could possibly be.
■ But we don't have any indication that her successor is
■ necessarily going to be nominated and confirmed within
■ that 90-day period, so she could well function on the
■ committee for the entire time. That's the latest
■ intelligence that I have on that.

■ MR. FUENTES: I'm just concerned that we're
■ setting ourselves up for fits and starts to get this
■ process done with those two tenuous things over which
■ we have no control.

CHAIRMAN STRICKLAND: We have no control over that. But in the final analysis, the full Board is going to make the selection. So I think the procedure the committee will follow is just to narrow down the field and bring that result to the full Board for interviews and selection. I think that's the direction that we will head in on that.

Is there any further discussion on any of the matters that we've taken up so far? Ernestine, did you have a question?

MS. WATLINGTON: Well, the only thing that I wanted to point out is the fact that other than Mr. -- I can't say your name -- excuse me --

MS. SUBIA: Subia.

MS. WATLINGTON: -- if you still don't have really that true client representative. So, you know, that input -- even that little part of whatever that time -- in the selection of the President, you know, will be something that the Board doesn't have they can still use, or utilize, and as that client, you know, involvement. And how close are you on -- like from

■ what they were saying at the other -- for Maria and our
■ replacement, have those people been selected?

■ CHAIRMAN STRICKLAND: No, they haven't. But
■ just the rumor mill that runs in Washington, D.C.,
■ suggests that the process is moving along ever so
■ slowly, but nothing specific and no time line. So you
■ could be with us for a while.

■ MR. MCKAY: And we'll be blessed.

■ CHAIRMAN STRICKLAND: We certainly will. You
■ and I have already had a talk about that this morning.
■ So we welcome your continued participation, and we
■ certainly want the client perspective well represented
■ on the Search Committee. And that's clearly my intent,
■ that that perspective be well represented. And I think
■ it will be by your participation.

■ We may be -- are we running too fast here this
■ morning, Victor, for our tour of the building? Because
■ I think we've completed that portion of the agenda that
■ we intended to do this morning before going on the
■ tour.

■ MR. FORTUNO: We can leave at any point. So

■ if the Board wishes to recess for now, we can take cabs
■ outside, take us right over to the building. Probably
■ once we get there, we can all get together in the
■ lobby, and then I'll show folks through the building.
■ But we probably ought to assemble in the lobby.

■ CHAIRMAN STRICKLAND: I think that's a good
■ idea. Based on my own experience there yesterday,
■ that's a good idea.

■ VOICE: When do we resume?

■ CHAIRMAN STRICKLAND: We're going to resume
■ the meeting after lunch. I think by the time we finish
■ the tour and spend some time within the facilities
■ there that we probably will have consumed the morning.

■ I think we'll just have to set that. Because
■ otherwise, the members of the public who are here
■ wouldn't know when we were going to reconvene. So I
■ think we're -- is Ms. Cushing in the room?

■ MS. CUSHING: Yes.

■ CHAIRMAN STRICKLAND: What is our timetable
■ for lunch today? Is it noon?

■ MS. CUSHING: I believe it's 12:30 to 1:30.

CHAIRMAN STRICKLAND: 12:30. I'm sorry. I've got the material here, and I was just not looking at it. I think that under the regulations that cover our meetings that we have to meet when we say we're going to meet. Isn't that correct, Mr. Fortuno?

MR. FORTUNO: That's correct. Under the Government and Sunshine Act, which applies to the corporation, once we notice a meeting, we have to start at that time or later. We can't start any earlier. So that if we get back from the tour ahead of schedule, it simply means that you have some additional time. We can't actually start the next meeting until the time that's been noticed.

CHAIRMAN STRICKLAND: All right. Then I will announce that, then, to the members of the public who are with us, that we will reconvene this afternoon no earlier than 1:30, and those meetings will be as listed in our schedule here. We're going to meet by committee.

One of the main purposes of this particular Board meeting is to get our committees established,

■ which we've done this morning, and to have those
■ committees begin functioning as committees this
■ afternoon. So that will be the principal activity of
■ the -- in fact, the only activity of the afternoon.

■ So unless there's any further matter to be
■ discussed this morning, I will recess the meeting, to
■ be reconvened in committee form this afternoon at 1:30.

■ MS. BEVIER: Are we going to meet outside, the
■ Board, and go now?

■ CHAIRMAN STRICKLAND: Yes. We're going to
■ meet here in the next few minutes in front of the hotel
■ to travel to the LSC headquarters by taxi.

■ (Whereupon, at 10:00 a.m., the meeting was
■ concluded.)

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